Observers observed
Keeping tabs on Mexico's poll
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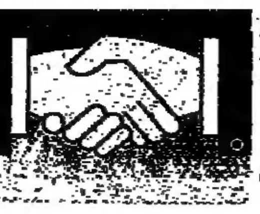

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FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY AUGUST 17 1994 D8523A

Carlos testimony could reveal guerrilla networks

International terrorist Carlos "The Jackal" appeared in court to face charges concerning a 1982 bomb attack in Paris amid hopes that he would reveal details of guerrilla networks and concerns that his arrest could prompt reprisals from extremist sympathisers.

French interior minister Charles Pasqua rejected allegations that there had been a trade-off with Sudan to secure Carlos's extradition. Page 2

Unilever steps up soap war: Unilever, the Anglo-Dutch consumer products group, raised the financial stakes in its continuing "soap war" with US rival Procter & Gamble by offering hefty rebates to Dutch consumers who buy its new washing powder. Page 12

More plutonium seized in Germany

An east German man was arrested in Bremen while attempting to hand over a "sample" (left) of supposedly Russian plutonium to a German undercover agent. The arrest prompted Russian denials that its controls over nuclear materials were not working and in Moscow, Russian security officials attacked what they said were western attempts to discredit the country's nuclear industry. Page 12

Electrolux strongly ahead: Large capital gains and a strong underlying recovery helped Electrolux, the world's biggest manufacturer of household appliances, to raise first-half pre-tax profits to SKr4.43bn ($570m) from SKr605m. Page 13; Lex, Page 12

British soldier killed in Bosnia: A British soldier was killed in central Bosnia while on a mine clearance operation. Sapper Barry John Nicholas, 20, from Dagenham, Essex, was the eighth British soldier to die in the region since troops were sent there in 1992. View from the frontier, Page 2

Rover Group, the leading UK carmaker and a subsidiary of BMW of Germany, is planning to develop a range of smaller Land Rover fourwheel drive vehicles as part of a five-year new model investment plan. Page 12

Disposals push up Hanson profits: Anglo-US conglomerate Hanson reported a 26 per cent rise in pre-tax profits to £965m for the nine months to June 30, bolstered by £331m of profits on disposals. Profits before exceptionals fell to £634m. Page 13; Lex, Page 12

Hewlett-Packard, pace setter of the computer industry, maintained its rapid growth in its third quarter with revenues up 22 per cent to $6.1bn (£3.9bn) and a 27 per cent rise in orders. Page 15

US housing starts improve: Housing starts in the US rose by a better-than-expected 5 per cent in July to an annual rate of 1,115,000, the Commerce Department said. Page 4

Mexican workers attack Sony: US and Mexican labour organisations filed a complaint against Sony Corporation, electronics multinational, for alleged violations of worker rights at the company's plants in Mexico. Page 5

India wants 'flammable skirt' ban lifted: India is to ask the US to lift a ban on the import of Indian rayon-cotton skirts, imposed because they were considered "dangerously flammable". Page 5

Japanese reactor restarted: A 22-year-old nuclear reactor near Kyoto, Japan, was restarted more than three years after a broken pipe caused one of the most serious alerts in the country's civil nuclear programme. Page 3

Major to visit South Africa: UK prime minister John Major will visit South Africa next month. It will be the first visit to the republic by a British prime minister for 34 years. Page 3

Owners Abroad changes identity: Owners Abroad, the UK's third largest travel company, renamed itself First Choice Holidays in an attempt to regain market share. Page 14

Fears over Swedish finances: Sweden's manufacturers warned that the precarious state of the country's public finances was undermining industrial confidence. Page 2

BBC to keep Test cricket: The BBC will have exclusive rights to live coverage of cricket test matches as part of a four-year deal. Texaco Trophy matches and Benson and Hedges Cup games will be screened live by BSkyB.

STOCK MARKET INDICES

FT-SE 100:	3,147.3	(+5.1)
Yield	4.0	
FT-SE Eurotrack 100	1,358.59	(+7.40)
FT-SE-A All-Share	1,578.3	(+0.1%)
Nikkei	20,786.36	(+160.03)
New York: lunchtime		
Dow Jones Ind Ave	3,765.47	(+5.18)
S&P Composite	462.49	(+1.26)

US LUNCHTIME RATES

Federal Funds:	$4\frac{5}{8}$%
3-mo Treas Bills: Yld	4.646%
Long Bond	$100\frac{11}{32}$
Yield	7.448%

LONDON MONEY

3-mo Interbank	$5\frac{5}{8}$%	($5\frac{11}{16}$%)
Liffe long gilt future:	Sep $101\frac{1}{8}$	(Sep $100\frac{31}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$17.06	(16.93)

Gold

New York Comex (Dec)	$382.9	(382.4)
London	$376.8	(377.35)

STERLING

New York lunchtime:		
$	1.541	
London:		
$	1.5401	(1.5423)
DM	2.3961	(2.3956)
FFr	8.2187	(8.2359)
SFr	2.0093	(2.0117)
Y	154.865	(154.639)
£ Index	78.8	(same)

DOLLAR

New York lunchtime:		
DM	1.553	
FFr	5.31875	
SFr	1.298	
Y	100.35	
London:		
DM	1.5552	(1.5533)
FFr	5.3365	(5.34)
SFr	1.3046	(1.3044)
Y	100.425	(100.265)
$ Index	63.2	(63.1)

Tokyo close Y 100.16

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv60.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	CC1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr8.50	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal(mainland) Esc225		Turkey	L30000
						UAE	Dh12.00

Markets waver on sharp rise of half a percentage point as banks increase loan costs

Fed lifts short-term rates to curb inflation

By George Graham in Washington and Our Markets Staff

The US Federal Reserve yesterday lifted short-term interest rates for the fifth time this year, adding half a percentage point to rates in an effort to head off inflation rises.

After a morning meeting of the Federal Open Markets Committee, which sets interest rate policy, the Fed announced that it was increasing the discount rate which it charges on money lent to the banking system to 4 per cent from 3.5 per cent. The Fed is also raising the federal funds rate, which banks charge each other on overnight balances, to 4.75 per cent from 4.25 per cent.

Although an increase in rates had been widely expected, investors and dealers were unsure whether the Fed would raise rates by a quarter of a point or make the sharper adjustment that came yesterday.

On Wall Street early reaction to the Fed move was mixed, with both bond and share prices relinquishing strong early gains.

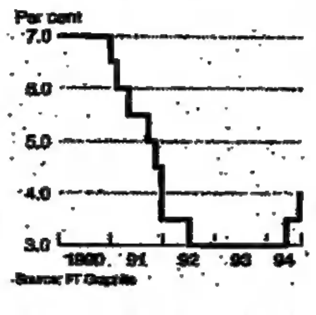
Chase Manhattan yesterday raised its prime lending rate for its best business customers to 7.75 per cent from 7.25 per cent in the wake of the Fed move and other banks followed suit.

White House officials have repeatedly said that they see no signs of inflation rises that would require a tightening of monetary policy, but add that the Fed is independent. "Given the strong gains in output and employment so far this year, we need to be watchful for signs of developing price pressures," Mr Lloyd Bentsen, US Treasury secretary, and Ms Laura Tyson, White House chief economist said yesterday.

Democratic senators, however, were less sparing in their criticism. "If you're bored down there at the Fed, if a rosy economic outlook makes you blue, get out of town, take a vacation, do anything, but just don't raise those interest rates," Senator Dennis DeConcini of Arizona said before the Fed move.

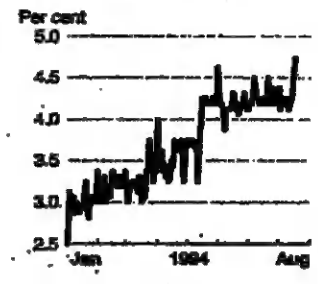
Fed officials note that they kept interest rates very low to try to boost recovery in 1992 and 1993. "In fact, real short term rates – that is, adjusted for inflation – were around zero levels throughout last year," Mr Robert Parry, president of the San Francisco Fed, said last week.

US discount rate



Source: FT Graphite

Federal funds rate



Most recent economic data have suggested that the economy has slowed considerably, and is now growing at a much steadier pace than the 3.7 per cent annualised rate of the second quarter.

However, July's employment statistics showed that job creation remained strong, and the producer price index, published last Thursday, showed a 0.5 per cent bounce in wholesale prices last month.

Fed officials say that their policy actions only show their effects about one and a half to two years later, and that they cannot be deterred by the apparently calm inflation indices.

In New York prices on longer-dated Treasury bonds surged 1¼ points on the rate rise, even though most analysts had anticipated the Fed's course of action.

At first traders appeared reassured by the Fed's apparent resolve to snuff out inflationary pressures and relieved by its suggestion that monetary policy was on hold. But within a half hour of the move, the market was having second thoughts. The benchmark 30-year government security was showing a net gain of only a half point at 1.45pm.

In the equity markets, the rate rise triggered a brief rally, but within minutes a 20-point gain by the Dow Jones Industrial Average was converted into 15-point loss. By 3pm, the Dow was down 4.53 at 3,755.76.

Germany's Bundesbank, which tomorrow holds its first policy meeting after the holiday, is expected to allow the dust to settle after the Fed decision.

Federal Reserve chairman Alan Greenspan: determined to snuff out inflationary pressures in the economy Picture: Tony Andrews

Israeli bourse closed for financial reforms

By Julian Ozanne in Jerusalem

Israel closed its stock exchange for two days today after announcing plans yesterday to introduce sweeping financial changes, including a capital gains tax on stock market profits and an easing of foreign exchange controls.

The foreign exchange liberalisation will significantly increase the ability of Israeli companies to invest abroad. Foreign companies are also to have the right to issue shares for the first time on the Tel Aviv market.

Mr Avraham Shochat, the finance minister, said the Tel Aviv stock exchange would remain closed for two days to give the volatile market, which has plunged about 20 per cent from its peak this year, time to assess the new 10 per cent tax on inflation-adjusted capital gains, due to take effect from January 1 1995.

As the market normally closes on Fridays and Saturdays, trading will not resume until Sunday.

Government officials said the new capital gains tax, which will not be levied on provident funds, would raise Sh500m (£106m) allowing the Treasury to cut employers' taxes and stimulate growth. Officials said the move also brought Israel into line with global markets which tax profits on share trading.

Market analysts said they expected a wave of selling when the market reopens and said the move could delay the government's privatisation programme and confuse dozens of companies planning new issues. They said they hoped the government would make changes to allow individuals to offset the tax against share losses before implementation

In a separate move, the Bank of Israel announced a radical liberalisation of foreign exchange controls. Among the measures are

Continued on Page 12
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German court halts in-flight phone licence

Mercury and Mannesmann challenge decision

By Judy Dempsey in Berlin

A German court has prevented the federal government from awarding the country's first in-flight mobile telephone licence to Deutsche Telekom, the state-owned telecommunications monopoly.

The decision, late on Monday, will be seen as a setback for the government, which is believed to be trying to help maximise Deutsche Telekom's market position ahead of its partial privatisation, scheduled for early 1996.

It followed injunctions filed last week by Mercury, the British-based telephone network, and Mannesmann, the German engineering conglomerate, in which both questioned the internal procedures used by the postal ministry to award licences.

The ministry awarded the licence last June to DeTeMobil, the mobile telephone division of Deutsche Telekom, which pledged to invest more than DM15m ($9.5m) in establishing a country-wide in-flight mobile telephone system.

An official at the postal ministry said the award was made on the basis of a points system, with DeTeMobil scoring higher than Mercury or Mannesmann, the only other bidders.

Under German legislation, the government is allowed to award licences through a lottery system when two or more bids are considered equal.

But in the case of DeTeMobil, no lottery had been held even though the Cologne Administrative Court said yesterday it considered the bids from Mercury and Mannesmann to have been just as competitive as that from DeTeMobil.

Mercury and Mannesmann filed separate injunctions last week after they received information that the postal ministry had set out internal guidelines which had not been available to either company when they originally submitted their bids for the licence.

"We had not questioned the procedures and terms for applying for the licence when they were issued earlier this year," a Mercury spokesman said. "Rather, it was how the decision was taken internally [in the postal ministry] once the evaluations had been made which we questioned."

He said Mercury had been granted permission by the postal ministry to see those guidelines two weeks ago, nearly six weeks after DeTeMobil had been awarded the licence.

The decision by the court means that the government must either decide to delay issuing the licences, review the entire procedure for awards, or else challenge the court's decision.

However, a Mercury spokesman said: "It is very likely that a lottery will be held because the scoring of the three companies was so close."

Meanwhile, Mercury claims to have successfully completed trials for providing ground support for an in-flight mobile telephone network for Lufthansa, Germany's national airline.

UK officials admit crucial error over jobs for disabled

By Robert Taylor, Labour Correspondent, in London

Whitehall officials last night admitted it was their mistake over a change in European Union law that prompted UK employment secretary Michael Portillo to scrap a job support scheme to help disabled workers.

Senior civil servants failed to realise the new directive on awarding public supply contracts, which came into force in June, had dropped previous legal protection that had enabled EU states to support subsidised schemes for the disabled.

"They failed to pick it up", said one official. As a result, Mr Portillo believed he had no option but to terminate the government's Priority Suppliers Scheme, dating back to just after the second world war, which helped disabled workers tender at a lower price than others for public contracts.

The news came as the EU denied UK claims that it had last week questioned the legality of the priority supplier scheme. The UK foreign office said a letter from Mr Martin Bangemann, EU industry commissioner, to Mr Douglas Hurd, UK foreign secretary, had specifically confirmed the Commission's doubts about the scheme. Brussels officials said the letter had nothing to do with the case. The new consolidated directive was drafted at the end of 1992 by EU officials after Brussels consulted civil servants of all the member states. In Britain both Treasury and the Department of Employment officials gave advice on the contents of the draft.

It was stressed last night that UK ministers were not directly involved in that consultation process, when Mr Portillo was Chief Secretary to the Treasury.

The previous EU directive, drawn up in January 1977 on co-ordinating procedures for the award of public supply contracts, stated clearly that opt-outs were permissible which would protect the position of disabled workers.

That directive said public supply contracts must go to "either the lowest price only" or to "the most economically advantageous tender", depending on a number of commercial considerations. But it also made clear that the economic criteria "shall not apply when a member state bases

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Fresh row with Brussels over jobs, Page 6

CONTENTS

New blow to Gorleben N-waste plan

By Christopher Parkes in Frankfurt

The Bonn government has again failed to penetrate the political blockade against its plans to stockpile high-level nuclear waste in facilities at Gorleben, Lower Saxony.

Although there are no remaining legal obstacles, Mr Klaus Töpfer, federal environmental minister, was unable to counter a rearguard action mounted by Mr Gerhard Schröder, the Social Democrat (SPD) prime minister of Lower Saxony, at a meeting in Bonn yesterday.

The talks followed a strong restatement by the SPD of its determination to quit nuclear power generation if it wins the forthcoming general election in October.

Mr Schröder said the subject of yesterday's talks, a proposal to transport used fuel rods to Lower Saxony in north Germany from Philippsburg in the south, made no sense, especially when there was sufficient interim storage space on the reactor site.

He also claimed there had been difficulties with loading the rods into their reinforced steel transport and storage containers which made shipping them to Gorleben irresponsible.

A top-security store at the Lower Saxony site is already used to keep low-level radioactive waste, but plans to use the site to store high-level material until a permanent disposal site is agreed have been repeatedly blocked by extended planning inquiries.

The latest impasse in a complex wrangle which has lasted almost 20 years appeared likely to postpone further action - and the risk of a messy political row - at least until after federal elections in October.

The talks ended with Mr Töpfer promising to re-examine objections, and Mr Schröder repeating demands that other states share some of the burdens of nuclear waste storage.

However, Mr Töpfer, who said the review would be undertaken without time pressure, added that should the occasion demand it a final decision would fall to him under federal law.

The irony of the SPD position is that it has to find ways of permanently storing nuclear waste if it is to abandon nuclear power generation altogether.

The only alternative is reprocessing of nuclear waste, which simply produces more fuel for power stations.

Germany urgently needs interim storage space in addition to capacity already installed at power stations. More than 5,000 cubic metres of high-level waste sent for reprocessing in France and Britain is due to be reimported from the end of this year.

Tapie to delay appeal on art seizure

By Alice Rawsthorn in Paris

Mr Bernard Tapie, the beleaguered left-wing entrepreneur, yesterday delayed until October his legal appeal against the confiscation of his art and furniture collection by Crédit Lyonnais, the state-controlled French bank that is pressing him to repay his FFr1.2bn ($225m) debts.

Crédit Lyonnais late last month sent a team of bailiffs to the Tapie family's opulent townhouse on Rue des Saints-Pères in the Saint-Germain des Prés area of Paris to seize the flamboyant Euro-MP's collection of old master paintings, oriental carpets and 18th century furniture.

The art and furniture, acquired in the late 1980s when the *nouveau riche* demagogue was hailed as one of France's most successful businessmen, has been valued at between FFr350m and FFr500m. Mr Tapie used it to guarantee part of his bank loans.

Crédit Lyonnais, which is under pressure from the French government to clean up its balance sheet after the announcement this spring of a FFr44.9bn state-backed rescue package, claimed it was seizing the collection after Mr Tapie's failure to repay his debts.

The bank signed a five-year repayment agreement with Mr Tapie in March. It revoked that agreement two months later claiming the flamboyant entrepreneur had breached the accord and demanding the full repayment of his loans. Mr Tapie claimed that the bank's action was part of a political plot against him by the centre-right government.

He is now suing Crédit Lyonnais to try to reinstate the original five-year repayment agreement and to regain his art and furniture. The first hearing for his appeal against the furniture seizure was due yesterday morning. However Crédit Lyonnais said Mr Tapie's lawyers had requested that the hearing be postponed until October 7 giving them more time to prepare their case.

Meanwhile *nouveau pauvre* Mr Tapie, who was wont to pose proudly for the paparazzi at the helm of his yacht, now poses with his family in tow muttering altruistically about how material success was never really important to him.

French defence lawyer Jacques Verges, who will defend Carlos, at the Paris courthouse yesterday. Verges defended the late Lyons Gestapo chief Klaus Barbie in the 1980s AP

Carlos' testimony could reveal guerrilla networks

By John Ridding in Paris

Carlos "The Jackal", the international terrorist, was formally placed under investigation for a 1982 bomb attack by a Paris judge yesterday amid hopes that he would reveal details of guerrilla networks and concerns that his arrest could prompt reprisals from extremist sympathisers.

Mr Charles Pasqua, the French interior minister, said that Carlos' testimony could unveil links to guerrilla networks and foreign nations which support terrorism. Responding to the potential security threat involved in detaining Carlos, the interior minister said that "the risks of attack naturally exist. But measures have been taken."

Mr Pasqua rejected allegations of a trade-off with Sudan to secure Carlos' extradition. The claims included press reports that France had provided Khartoum with surveillance photographs to help Sudan's Islamic government combat rebels in the south of the country. A lawyer acting for Carlos also claimed that he had been kidnapped from Sudan in a deal between Paris and Khartoum.

Western diplomats in Paris said France had been cultivating contacts with Sudan recently with the aim of capturing Carlos. They said Sudan had extradited Carlos to improve its standing in the west. Following Carlos's arrest, Sudanese officials urged the US to remove Sudan from its blacklist of states that support terrorism.

The arrest of Carlos represents a coup for the centre-right government of Mr Edouard Balladur and for Mr Pasqua in particular. Mr Balladur claimed the arrest, after collaboration between Sudan's security forces and the French intelligence service, demonstrated France's tough stance against terrorism.

Mr Pasqua has been pursuing a crackdown against suspected Islamic extremists following the killing of five French citizens in Algeria earlier this month. A CSA poll showed that a majority of French people believe the measures employed by Mr Pasqua, which have involved sweeping stop and check searches, are an effective response to the threat of terrorism.

Carlos, whose real name is Illich Ramirez Sanchez, is due to face charges relating to a 1982 bombing near the Champs Elysées in Paris in which one person died and 63 were injured. The 1982 attack is the only one for which France has issued a formal arrest warrant. Carlos was separately sentenced to life imprisonment in his absence two years ago for the 1975 killings of two French counter-intelligence agents.

Mr Pasqua said that Carlos himself had claimed responsibility for 83 killings, at least 15 of them in France in a career of terrorism which started in 1970 when he joined the Popular Front for the Liberation of Palestine.

Appearing yesterday before Mr Jean-Louis Bruguière, the anti-terrorist judge, Carlos appeared calm and relaxed. "We also had Famas (the French army issue assault rifle) in Lebanon, they are good," he told his guards.

Berlusconi earns short break in the sun

But his political and economic problems are not set to go away, writes Andrew Hill

For the first time this summer, it looks as though Mr Silvio Berlusconi, the Italian prime minister, can relax and enjoy a few days at the seaside resort of Portofino, near Genoa.

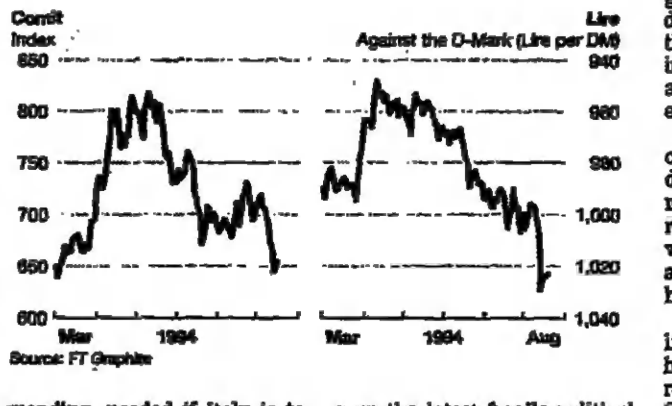
After the turbulence of last Thursday and Friday, Italian financial markets were calm yesterday - either snoozing after the Monday bank holiday, or tranquilised by television pictures at the weekend of Mr Berlusconi arm-in-arm with Mr Umberto Bossi, his coalition partner and principal critic, in the garden of the prime minister's villa near Milan.

The main Italian equity indices rose by 1.4 per cent yesterday, bond yields were almost unchanged, and the Italian lira stabilised at around L1,023 against the D-Mark, ahead of yesterday's US Federal Reserve meeting. Dire warnings of a Black Tuesday to follow Black Thursday and Friday did not materialise.

Analysts, however, warned that by patching up the cracks which had appeared in the governing coalition, Mr Berlusconi had only won his government a breathing space. "Bossi and Berlusconi being friends again is not going to solve the issue; it's just a palliative," said Mr Andrea Ruggeri of Goldman Sachs yesterday.

The issue, in this case, is how the government will tackle the country's looming public debt, which stands at about 120 per cent of gross domestic product. Last month, the government confirmed that it would aim to cut the deficit from L154,000bn (£62.4bn) this year, to L138,600bn in 1995, but it postponed key decisions on the detail of budget measures until September, to the disappointment of industry and investors.

That partly explains why markets reacted so nervously last week to indications that all was not well in the government coalition. Apart from Mr Bossi's well-publicised criticisms of alleged political misjudgments, some ministers hinted they would not accept the heavy cuts in pensions spending, needed if Italy is to balance its books.



The efforts of the Bank of Italy to defend the currency with half-point interest rate rises on Thursday evening turned out in the end to be counter-productive, although the move may have served to remind the prime minister that firm action will be necessary to avoid further rate rises.

Mr Berlusconi has had to work hard in order to achieve even the latest fragile political peace, using all his experience as a media magnate to soothe the Italian people, first with a series of you've-never-had-it-so-good television interviews on Friday night, then with the ostensibly good-humoured garden press conference with Mr Bossi on Saturday.

In the meantime, he and his aides have continued to whip less co-operative coalition members into line with firm hints that opposition to the government is unpatriotic, and dark warnings that allies of the left, disgruntled after losing the March general election, are pulling against the interests of the country.

Even with this effort, some observers pointed out yesterday that the markets had merely frozen at the levels reached at the end of last week, rather than recovered, as Mr Berlusconi might have hoped.

"There's a lot of indecision in the marketplace after the holiday, but the tone hasn't really changed," said Mr Carlo Cimino of the Milan investment firm Aloisio Foglia Ventura.

In the longer term, most analysts are still broadly optimistic about the Italian economy, and if Mr Berlusconi can win round his coalition allies to support a tough budget for 1995, they say he will be rewarded. For the time being, however, in line with the holiday spirit, the markets are simply treading water.

Serbian embargo changes view at the frontier

By Laura Silber in Mali Zvornik

The price of beer in the Bosnian frontier town of Zvornik has doubled in the past week, a sign that the embargo by neighbouring Serbia is holding. Diplomats concur, and the local police commander says all transport - except for humanitarian aid - has been stopped.

How long this will remain the case is difficult to tell. Ten days after President Slobodan Milosevic of Serbia imposed the blockade against the Bosnian Serbs, UN officials and western diplomats have failed to persuade him to allow the deployment of international monitors on the border.

Yugoslavia - now comprised of Serbia and Montenegro - severed communications, trade and financial transactions with the Bosnian Serbs after the latter rejected an international peace plan that would have required them to hand over one-third of the 70 per cent of Bosnian territory they control.

But Mr Milosevic appears to be winning the delicate propaganda battle over the embargo move which his Bosnian Serb critics say is turning Serb against Serb.

Inhabitants of Mali Zvornik, a frontier town 150km south-west of Belgrade, are divided over the peace plan, designed to partition Bosnia between its warring peoples.

"Bosnian Serbs want more land than they can hold. There is not a living soul in dozens of villages around Zvornik," says Mr Milan Jokic, owner of a roadside cafe by the River Drina, on the frontier.

Mali (Little) Zvornik - many of whose 5,000 inhabitants have families or jobs across the Bosnian frontier in Zvornik - was until recently a hotbed of Serb nationalism. It was a stronghold of extremist Serbian leader, Mr Vojislav Seselj, the parliamentary deputy who rallied "weekend warriors", paramilitaries for violent looting forays in Bosnia.

But in the Cafe Balkan, just yards away from the bridge that serves as the local frontier crossing, the summer heat appears to have given way to war-weariness and suspicion.

The town's inhabitants themselves are surprised by the change in Mali Zvornik. Even in this feeding ground for radical nationalists, Mr Milosevic so far has succeeded in muting any serious protest against his embargo decision.

Indeed, the Serbian President appears to have persuaded many that the war is not in Serbian interests. For the time being, he would be content with driving a wedge between Serbs on either side of the frontier in order to win his power struggle against the Bosnian Serb leadership.

Mr Jokic makes clear his frustration with the 28-month long war and the sharp economic decline in Serbia. "Half a million Serbs in Bosnia are holding 12m hostage in Yugoslavia," he says.

A 41-year-old factory worker who gave his name only as Rodoljub says: "I was against the war from the beginning, then I did not dare say a word. Now it is possible to speak out a bit.

"The war never should have started. Now Milosevic is trying to blame the war on others," adds Rodoljub, who until May worked in an aluminium plant in Zvornik which he says is unable to export because of UN sanctions against Yugoslavia.

"Of course, many of the 3,000 workers are angry. They complain that Belgrade pushed them into the war," he says. "But a year ago you could not talk with any of the Bosnian Serbs. Their heads were full of war, but now they are plagued with regrets," says Rodoljub of his Bosnian kin over the river.

Zvornik is a mess. Overflowing now with Bosnian Serb refugees, 70 per cent of its population was Moslem before Serb paramilitaries backed by the Yugoslav army seized control of the town in April 1992.

Glancing at the portraits of Serbian heroes from the first world war on the walls of the cafe, however, Veljko, another factory worker from nearby, has more strident views. "The people are not divided," he says to a friend with a Yugoslav air force MiG 21 tatooed on his forearm.

"Television Serbia is lying when it says that Serbs are in favour of the peace plan. People used to love Milosevic. But this has now turned to hate."

But the bravado may just be a cover. "People are scared that peace will reveal the crimes they have committed in Bosnia," whispers Rodoljub.

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Corporate Sweden warns over public debt

By Hugh Carnegy in Stockholm

Sweden's manufacturers warned yesterday that the precarious state of the country's public finances was undermining industrial confidence and appealed to the country's politicians fighting next month's general election to tackle the issue urgently.

"The big state debt and the record budget deficit are deeply worrying and must be tackled with credible, long-term policies," the Federation of Swedish Industries said in a pre-election list of demands circulated to all political parties.

"Proposals early in the election campaign and certainly after the election on how the political parties propose to solve our severe problem in the state finances can reduce uncertainty and contribute to higher confidence in the future," the federation said.

The election campaign has so far been dominated by a debate over how to control the budget deficit. At 13 per cent of gross national product in the last budget year, it is one of the highest in Europe and has inflated state debt to almost 100 per cent of GNP.

The centre-right parties in Prime Minister Carl Bildt's coalition government emphasise cuts in Sweden's bloated public spending programme, while the opposition Social Democrats, clear favourites to win on September 18, propose a selection of tax increases.

But both sides have so far avoided giving detailed plans. The industry federation, which represents 6,000 manufacturing companies, also called on the leading parties, which support Swedish membership of the European Union, to work together to ensure a hesitant electorate votes to join in a referendum due in November. "No other issue, besides solving the state's financial crisis, is more important for Sweden's next government," it said.

Although Sweden's dominant exporting and internationally based companies are reporting resurgent profits after three years of recession, manufacturers remain concerned by weak domestic demand, high interest rates and low investment rates.

The federation said industry's capital needs would total SKr600bn (£50bn) over the rest of the decade, requiring investment to grow by 20 per cent a year.

It warned against raising corporate, capital, energy and environmental taxes - a caution aimed mainly at the Social Democrats - and called for a breakdown of Sweden's system of low wage differentials.

EUROPEAN NEWS DIGEST

Appeal over Fiat charges

An appeal was lodged yesterday against last month's decision by an Italian judge to drop bribery charges against top executives of Fiat, the Italian industrial giant. Mr Francesco Misiani, a Rome investigating magistrate, is contesting the decision not to send for trial Mr Cesare Romiti, Fiat chief executive, Mr Francesco Mattioli, finance director, and Mr Umberto Beliazzi, head of the company's Rome office. The trio were among 61 people facing charges that they paid bribes of more than L100bn ($63m) to political parties - particularly the Socialists and Christian Democrats - to win contracts for building Rome's metro system. Former Socialist prime minister Mr Bettino Craxi, who is living in Tunisia, was one of those sent for trial.

According to Italian news agency reports, Mr Misiani's 18-page deposition to the Rome appeal court alleges that "within the Fiat group the initiative for paying bribes was taken by the top managers". All three executives have denied the charges. Executives in Fiat's construction subsidiaries have already come under suspicion for bribery and at least one has confessed. But Mr Misiani maintains that these executives were "the last link in the chain" which began with Mr Romiti and Mr Mattioli. *Andrew Hill, Milan*

Air delays in prospect

European flights face increased delays after a two-year period of improvement, the Association of European Airlines said yesterday. During the first half of this year, just over 11 per cent of intra-European flights were 15 minutes or more late - "reasonably good" figures in the AEA's view and down on the same period last year. "The improvement was all in the first quarter, however, with a steady deterioration since then," it said. The association's secretary-general, Mr Karl-Heinz Neumeister, said infrastructure deficiencies at airports and in air traffic control systems caused 62 per cent of delays in June. "The build-up of demand in summer months is not a new phenomenon. The airlines cope with it. The tourism industry copes with it. We lay on capacity appropriate to the demands of the market. The infrastructure providers, all too evidently, do not," he said *Reuter, Brussels*

Dutch party leader resigns

Mr Elco Brinkman (left) resigned yesterday as Christian Democrat leader in the lower house of the Dutch parliament in a delayed response to the party's record losses in last May's general election. His departure comes days before the expected inauguration of a coalition government that will exclude the Christian Democrats from power for the first time in modern Dutch politics. His successor, not yet named, will effectively become leader of the opposition. The new government is to be formed by Mr Wim Kok, the Labour leader. Mr Ruud Lubbers, the outgoing Dutch prime minister, chose Mr Brinkman as heir apparent within the Christian Democrat party when he decided not to stand for a record fourth term in office. However, Mr Brinkman never managed to achieve Mr Lubbers' authority or popularity, and the party saw its seats in the 150-seat parliament cut to 34 from 54 in the election. *Ronald van de Krol, Amsterdam.*

Cash bags seized in Siberia

Police at a Siberian airport have seized bags stuffed with 1,300kg of cash worth Rbs7bn (£2.2m at the market rate). The six sacks were to have been flown by special aircraft from Irkutsk to Volgograd in central Russia, according to Itar-Tass news agency. The Irkutsk deputy governor said there were no documents for the cargo, which was traced to an investment firm called The Russian House of Selenga. A year ago, a Volgograd court ruled that the firm was operating illegally but it has continued to take investors' money, according to the Rossiyskaya Gazeta newspaper. On Tuesday the firm placed advertisements in Volgograd newspapers informing shareholders it was suspending operations, but promising to return their money. The firm's activities are under investigation. *AP, Irkutsk.*

Polish inflation target attacked

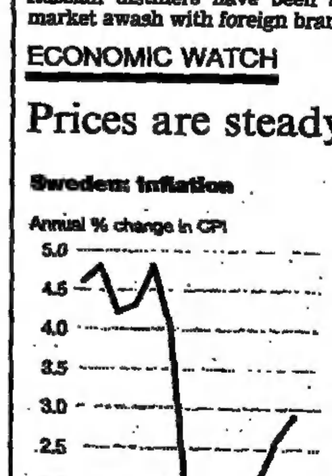
Poland's central bank has criticised the government's inflation target for next year as unrealistic. Mr Witold Kozinski, deputy president, told Nowa Europa newspaper that the 16 per cent target was unrealistic after this year's 27-28 per cent rate. The government's outline budget, he said, seemed to indicate a sharp rise in central bank financing of the deficit. Unless that share was reduced, the inflation rate would not be brought down. Mr Kozinski called for more information on what the government's financing requirements might be so that the bank could help. *Reuter, Warsaw.*

Stolichnaya fortunes run low

The bottle is running low for one of Russia's top vodka-makers. Bankruptcy officials have declared insolvent the Kristall joint-stock company, maker of Stolichnaya and two dozen other brands of the national drink. Kristall has debts of Rbs6.7bn, and the state, which owns 51 per cent of the company, plans to help restructure it. Company officials disputed the ruling and said they had appealed to the city and federal governments. For centuries the government had a monopoly on vodka sales. In February, the state lowered excise duties on Russian vodka to try to help the troubled domestic industry. Russian distillers have been struggling to adapt to a new market awash with foreign brands. *AP, Moscow*

ECONOMIC WATCH

Prices are steady in Sweden



Sweden's consumer price index was static in July compared with June, the second consecutive month of unchanged prices, according to figures from the national statistics agency. The July figure brought the year-on-year inflation rate to 2.9 per cent, up from 2.6 per cent the month before but down from the previous July's 4.6 per cent. The agency said that price increases in some areas in July had offset declines elsewhere. Higher interest rates, and higher prices for fresh fruit, vegetables and coffee raised consumer prices by 0.3 percentage points in the month. This had been wholly offset by lower clothing prices. In the first seven months of 1994, Swedish consumer prices rose by 1.8 per cent, the agency said. *AP-DJ, Stockholm*

■ Spain's producer price index rose 4.3 per cent in June compared with the same month last year, the national statistics institute reported. Prices went up by an accumulated 2.6 per cent since December. Those of chemical products and minerals not used for energy showed the highest rise – 6.3 per cent in June from the same month a year earlier. The same prices rose by 0.5 per cent in June from May.

Taiwan-China links urged by shipping chief

By Laura Tyson in Taipei

Mr Chang Jung-fa, chairman of Taiwan's Evergreen Group, has called on the Taiwan government to "separate politics from economics" and open direct shipping and air links to China, saying Taiwan's economic future hinged on direct ties.

In a rare interview published yesterday in the Chinese-language Commercial Times, the founder of one of the the world's biggest shipping companies and Taiwan's first private international airline voiced the frustration of Taiwan's business sector at being forced to route trade and investment through Hong Kong.

"A few years ago, virtually all of China's trade went through Hong Kong, and Evergreen was able to compete with other companies," Mr Chang, who has heretofore refrained from publicly opposing government policy, was quoted as saying.

"Now shipping firms from all countries are setting up bases and routes to the mainland, and Evergreen has to rely on Hong Kong alone."

He also warned that, because of Hong Kong's reversion to Chinese sovereignty in 1997, Taiwan must face up to and resolve the problem of direct links. "If not, when the time arrives, not only will there be problems with flights to Hong Kong, there will also be problems with shipping to Hong Kong," he said.

In a country where business leaders exert exceptional influence on government policy, Mr Chang's remarks are a clear sign of growing pressure on the government to address the question of direct links to China. Taiwan has formally banned direct political and economic ties since 1949.

There are sharp divisions within government ranks over the question of cross-strait shipping and air links, with three cabinet ministers advocating their speedy resumption on the grounds that such a move is necessary for Taiwan to remain economically viable.

On Monday, Mr Vincent Siew, chairman of the Council for Economic Planning and Development, the top planning agency, told Prime Minister Lien Chan that direct links were key to the realisation of Taiwan's oft-stated ambition of becoming a regional centre for business and finance.

Taiwan's existing five-year air rights agreement with the colony expires on April 30 next year. Talks between Taiwan's China Airlines and Hong Kong-based Cathay Pacific Airways to renew the agreement appear to have broken down. Hong Kong newspapers reported on Monday that Beijing was insisting on having a final say on any new air rights agreement with the colony extending past 1997.

Mr Chang wants his airline, EVA Air, founded in 1991, to fly to China's main cities and is trying to gain access to the lucrative route between Taipei and Hong Kong, currently dominated by CAL and Cathay.

Taiwan has invested an estimated \$15bn (£9.7bn) in China since the early 1980s and some 12,000 Taiwan companies have set up operations in China.

Nigeria high court judge quits Abiola trial

By Paul Adams in Abuja

The struggle between Nigeria's military regime and the country's civilian opposition remained unresolved yesterday after the judge in Abuja's high court withdrew from the treason trial of Mr Moshood Abiola.

More protest strikes look imminent especially among Mr Abiola's fellow members of his Yoruba tribe in Lagos and south-western Nigeria, while the crippling oil industry strike enters its seventh week.

Mr Abiola, on trial for treason after declaring himself president, remains in custody in Abuja after Mr Mohammed Mustapha ruled that the federal high court in the capital was competent to try him for offences alleged to have taken place in Lagos, but that he himself was not.

Mr Mustapha said that he had lost the confidence of the defence lawyers and withdrew from the case.

"What he has done is judicial hara-kiri," said Mr Alao Aka-Bashorun, a leading counsel for the defence.

"He has been found guilty of mishandling the trial. If so, how can he give this ruling?

"Since his incompetence in the case preceded today's ruling it becomes null and void," said Mr Aka-Bashorun.

At a the previous hearing on August 3, the judge said he had to consult people outside the court before giving today's ruling and was promptly challenged by Mr Abiola and his defence.

The federal high court in Abuja was set up just before the case opened in July and Mr Mustapha was transferred there from a court in Benin. On August 5 the judge granted bail in the absence of Mr Abiola and his lawyers on terms which were rejected by the defendant.

"It is clear that this judge is in collusion with the government," said one of Mr Abiola's large team of lawyers after the hearing yesterday.

"The government wants a prolonged trial," Mr Aka-Bashorun said. "We are convinced that they have no evidence to convict him."

As well as undermining the judiciary, yesterday's outcome has further discredited the national leadership of the Nigeria Labour Congress. Its president, Mr Paschal Bafyau, has three times delayed or suspended a general strike in protest at Mr Abiola's detention following assurances by General Sani Abacha's regime that the deposed winner of last year's presidential poll would be released.

The oil workers' strike began unilaterally and has cut crude oil production by at least one quarter of its 2m barrels per day capacity and severely disrupted fuel distribution.

People's Alliance leaders Chandrika Kumaratunga (left) and Sirimavo Bandaranaike, her mother, arrive to vote yesterday *Reuter*

Security tight as Sri Lankans hold elections

By Stefan Wagstyl in Colombo

Sri Lankan officials were last night counting votes in the country's general election, in which the ruling United National Party faces its greatest electoral challenge since taking power in 1977.

The officials said they expected to announce most results in the race for the 225-member parliament later today when it will become clear whether the UNP will retain power or lose it to the People's Alliance, a centre-left multi-party coalition.

The elections took place amid strict security for fear of violence and fraud. Human rights groups monitoring the polls said early reports indicated the voting was mostly free of violence, although there had been sporadic fights between groups of rival supporters. Nineteen people were killed in election-related fights during the month-long campaign.

The government has imposed curfews and declared public holidays today and tomorrow to encourage people to stay in their homes and avoid large crowds.

The turnout was estimated to be high – above 80 per cent. The only exception was the country's northern province, where the Tamil Tigers, separatist guerrillas fighting a civil war against the Sri Lankan army, called for a boycott. Some 500,000 voters out of 11m live in the province.

Sri Lanka has seen unprecedented economic growth and the expansion of foreign trade and investment under UNP rule.

But many Sri Lankans have expressed concern about signs of corruption and nepotism and evidence that the benefits of prosperity are not filtering down to the poor. Some voters also believe it is time for another party to attempt to achieve a peace agreement with the Tamil rebels.

Suharto seeks to quadruple per capita income

By Manuela Saragosa in Jakarta

Indonesia aims to quadruple per capita income over the next 25 years, through industrial development, President Suharto said yesterday.

In a speech to mark Indonesia's 49th independence day he said that to achieve the target (from \$650 per capita income now) gross domestic product growth rates would have to average 7 per cent a yearagainst average annual GDP growth of 6 per cent over the past 25 years.

"The industrial sector has become the prime mover of development," Mr Suharto said. "It is industry that becomes the main vehicle for technological development which can eventually lead us to emerge as a modern nation."

A debate continues between those who want government to channel more funds into heavy industry and technocrats who argue that many of these industries would find little comparative advantage in Indonesia.

President Suharto, who has ruled over Indonesia's 14,000 islands over the past quarter century said reducing poverty would be one of the main future challenges and industrial development would help solve this.

Indonesian academics say the growing gap between rich and poor in a country of 190m people, represents one of the biggest threats to political stability. In turn Mr Suharto said political stability was necessary to ensure continuing growth.

In a reference to the recent forced closures of three leading political publications, Mr Suharto said that openness did not mean unlimited freedom. "Even democracy has its rules," Mr Suharto said. "Without rules and without their observance, what will emerge is anarchy, not democracy."

In June the government closed two popular weekly magazines, Tempo and Editor, and a weekly tabloid, DeTik, for their reporting on the debates raging between the ruling élite about the acquisition of a fleet of former East German warships. The papers were accused of ex-acerbating the debates by pitting politicians against each other.

The president said Indonesia would continue to deregulate its economy and to reduce the bureaucracy. However this "certainly does not meansetting up a liberal economic system that allows free competition," he said. Many Indonesian industries remain heavily regulated and protected largely because they are controlled by politically well-connected businessmen.

Property developers go to town in Jakarta

But their enthusiasm has led to a glut in the luxury market, writes Manuela Saragosa

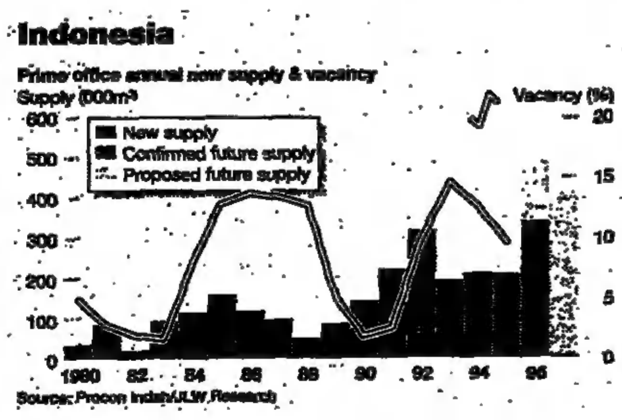
In the matter of a few years the shanty towns in centre of Jakarta have been replaced by high-rise office blocks, luxury apartments and five-star hotels, and rice paddies in the greater Jakarta area have been replaced with industrial estates and satellite towns.

The property sector has been one of the fastest growing in the country, with most of the larger Indonesian conglomerates capitalising on their land assets and jumping on the bandwagon for real-estate development.

So enthusiastic are property developers in Indonesia that they are now hoping to convince the government to approve a project involving the complete clean-up and rebuilding of Jakarta's 32km-long waterfront.

In the first six months of this year, BKPM, Indonesia's Investment Co-ordinating Board, approved about \$2.5bn worth of domestic investment projects in the construction, hotel and restaurant, housing and office sectors, which made up 16 per cent of total domestic investment approvals to July 15. Most of these projects are in and around Jakarta.

However, oversupply is setting in and Jakarta's property market looks likely to experience some hard times.



"A massive glut could occur in 1996 for office space and it could take three or four years to clear," said a Jakarta-based broker.

Office rents have already been lowered and some landlords are hoping to pre-empt any difficulties by offering existing tenants cheap rentals in an attempt to lure them into leasing more space.

Meanwhile, after the building sprees of previous years, industrial estates are finding it difficult to stir up interest in their lots. The estates were hit by a drop in foreign investment last year and some brokers point out that many are suffering setbacks because they are unable to guarantee a steady supply of electricity.

Rentals and sales of residential apartments are also slumping. An excess of supply in the luxury residential apartment market has caused the overall average occupancy rate in Jakarta to fall to 81 per cent in June from 91 per cent at the beginning of the year. This has been made worse by developers' unwillingness to reduce rental rates and the fact that "luxury" is not always an accurate description.

With the outlook for luxury apartments looking bleak, the Indonesian government is considering opening the market to individual foreign buyers. To date, foreigners have only been allowed to rent property in Indonesia. Property consultants say they expect new legislation on this within the next six months.

"A lot of developers see that if foreigners were to buy houses then demand for their property would really pick up," said Mr Craig Williams, director of PT Procon Indah, a property consultancy that works in association with Jones Lang Wootton.

However, foreigners are unlikely to buy what Indonesians will not. In its most recent survey of the Jakarta property market, PT Procon Indah noted that developers often do not meet construction schedules, workmanship is of poor quality, and materials and fittings are inadequate. Other consultants also point out that safety standards are practically non-existent.

Meanwhile, government officials complain of a continuing shortage in housing. Policy dictates that for every luxury house a developer builds, it must also construct three middle-income houses and six low-income houses. But that regulation is ignored.

Middle income housing which caters to people earning between \$1,500 and \$3,000 a month, is the only sector offering significant growth prospects, even though Indonesia's middle class is not as huge a pool of buyers as it could be.

The problem lies mainly in financing house purchases. There are no long-term interest rates in Indonesia which discourages banks from making long-term loans. The result is that most buyers of middle-income houses are speculators and this is "a class which is traditionally not as stable as first-time buyers", a Jakarta-based broker said.

Property development has been opened to full foreign ownership with the most recent deregulation package that loosened restrictions on foreign investment.

Most foreign developers, however, prefer to enter the market in a joint venture with an Indonesian company. Laws governing land titles in Indonesia are complex, with the purchase of land not necessarily confering the right to ownership. The process of acquiring land can become a messy affair and stories abound of shanty-town dwellers who have been forcibly removed and inadequately compensated for their land.

Despite the prospects, developers have commissioned a study that attempts to convince Jakarta's authorities to develop the city's waterfront into a new city centre, complete with office towers and residential housing.

At present this neglected district of Jakarta is not a pretty sight. Untreated sewage pours out into an already polluted, black and oily sea, shanty towns with little or no sewage facilities perch on the coastline, prostitutes solicit on grubby beaches at night and the area suffers from a chronic shortage of drinking water.

The project, if approved, would cost about \$20bn and would involve all the existing big waterfront developers, including Dharmala Intiland, a listed property developer.

If it is approved, it is difficult to see where financing for the development would come from. Development banks are expected to make some contribution but state-owned banks have been told to stop financing property development projects, although it is not clear whether this is being enforced.

As one property analyst says, "developers are incredibly ambitious but their expectations are not always realistic".

Japanese minister kills 'part-time' job prospects

By Gordon Cramb in Tokyo

This morning, about 2,500 young Japanese women will receive a letter containing the words which job-seekers everywhere know only too well: "Thank you for your interest. We will keep your application on file".

But the letter will arrive by express delivery and will go on to explain that Japan Airlines, whose press advertisement for contract posts as flight attendants they had answered, has been prevented by the Transport Ministry from hiring them.

JAL said yesterday it had grounded a plan to employ most new cabin crew on short-term contracts after Mr Shizuka Kamei, transport minister, argued last week this could endanger on-board safety.

The lossmaking flag carrier was aiming – along with All Nippon Airways and Japan Air System, its domestic competitors – to pay such recruits by the hour, describing them as part-timers.

Although they would normally work a full week, they would be unlikely to earn even a third of the salaries enjoyed by the career cabin staff with whom they were to share the aisles. Mr Kamei implied that such disparities would create two classes of employee who might not work together in sufficient harmony to be able to deal with an in-flight emergency.

The Japanese airline industry, where training is rigorous and the safety record good, was indignant. But faced with a threat by Mr Kamei to deny applications for new routes if carriers persisted in the plan, JAL relented yesterday and the others are expected to follow suit.

JAL, anxious to cut costs, insists the scheme has merely been put in a holding pattern while it addresses the ministry's concerns.

For Mr Kamei, who comes from the Liberal Democratic party, these worries may extend beyond safety to the effect the move would have in further eroding the system of lifetime employment – regarded by his party as a foundation of Japanese economic success under its 37-year conservative rule.

After a year out of office, the LDP is back as the dominant force in a three-party coalition headed by Mr Tomiichi Murayama. The prime minister's Social Democratic party draws much of its support from public sector unions which are also keen to retain employment protection.

JAL, privatised in the 1980s, intended to employ an initial 100 stewardesses on contract terms. Not only would they be paid much less, but if business got any worse the airline could shed them, unlike its 6,000 salaried cabin crew. Over the next four years the company is trying to reduce that number to 4,600 but cannot force any to go.

The 100 women would have been hired through a charter subsidiary in order to avoid direct wage comparisons, and would have been restricted, at first anyway, to domestic routes.

The fact that there were 25 applicants for every post indicates the high level of female unemployment in Japan as the country reaches the end of its longest post-war recession. Women graduates complain that they are again at the back of the queue for most jobs, after a period of labour shortage made more companies hire on merit. Most work on offer for them is part-time.

And at JAL now, not even that. At a televised news conference yesterday a company executive, announcing that the plan had been suspended, could only say: "We are sorry if we have brought hardship to the people who applied."

NEWS IN BRIEF

Japanese restart accident N-plant

A Japanese utility yesterday restarted a 22-year-old nuclear reactor which had been shut for three and a half years after a broken pipe caused one of the most serious alerts in the country's civil nuclear programme, Gordon Cramb reports from Tokyo.

The pressurised water reactor at Mihama, north of Kyoto, has been overhauled since the February 1991 incident which released 55 tonnes of radioactive water from the primary cooling system into the secondary system which powers its turbine. For the first time in Japan, emergency core-cooling procedures were activated to avoid a potential meltdown. The Ministry of International Trade and Industry concluded that an anti-vibration bar had been incorrectly installed. Local residents and Japan's vocal green lobby protested at the decision by Kansai Electric Power, the second largest electric utility, to restart the 500MW facility.

Japan draws about 30 per cent of its electricity needs from nuclear power supplied from 46 reactors.

● Department store sales in Tokyo fell 2.9 per cent last month compared with the previous July, their 29th successive monthly decline. The decrease, although moderating from the 3.4 per cent fall in June, came in spite of income tax cuts, summer promotions, and good weather.

The figures, released yesterday by the Japan Department Stores Association, indicate consumer demand is proving slow to revive as the country's wider economic outlook begins to brighten. However, they also reflect austerity in seasonal gift-buying by companies, and a shift among shoppers towards discount retailers which are not members of the association.

Tokyo protests to Moscow

Japan yesterday protested to Moscow after a Japanese fishing boat in disputed waters was fired on by Russian coastguards and its crew detained, Gordon Cramb reports. At the same time, Moscow launched legal proceedings against the captain of the boat that was hit by Russian gunfire off the disputed Kurile islands off north-eastern Japan on Monday. One crew member was injured in the incident.

The Kuriles were seized by the Soviet Union at the end of the second world war and their status continues to bedevil relations between Japan and Russia. In Moscow Mr Koji Watanabe, the Japanese ambassador, called on Mr Alexander Panov, Russian deputy foreign minister, to complain about the "highly regrettable shooting and seizure". Russian reports said two unmarked boats were fishing in its waters and when accosted, ignored warning shots and attempted to head for home. One was holed and was towed to a port on the islands.

Israel-PLO tax accord

Israel and the Palestine Liberation Organisation agreed to broaden Palestinian powers over taxation yesterday to allow Palestinians to finance the extension of self-rule when they take over services in the West Bank, Julian Ozanne reports from Gaza. The two sides, failed, however, to clinch final agreement on the transfer of powers in the West Bank after further talks at the Erez crossing between Israel and Gaza.

Mr Nabil Shaath, chief PLO negotiator, said the two sides agreed to add value added tax to five other powers the Palestinians will take over from Israel – education, health, social welfare, tourism and direct taxation. Mr Shaath also said Israel would start today to transfer to the Palestinian treasury 75 per cent of income tax collected from Palestinian migrant labourers working in Israel. Both moves mark significant financial concessions by Israel amid growing concern about the ability of the PLO to finance key services to a further 1m Palestinians living in the West Bank who will come under PLO administration.

● Israel and Jordan initialed an agreement to export \$30m (£19m) worth of goods to Palestinians in the occupied West Bank this year, Jordan's chief peace negotiator Fayez al-Tarawneh said yesterday, Reuter adds from Amman.

Major to visit South Africa

Mr John Major, the UK prime minister, will visit South Africa from September 20 to 22, the first visit to the republic by a British prime minister for 34 years, Reuter reports. Mr Major's office said yesterday he would meet President Nelson Mandela and other members of the South African government on a trip covering Cape Town, Pretoria and Johannesburg. Harold Macmillan was the last British prime minister to visit South Africa, in 1960. In a landmark speech in Cape Town, Macmillan warned the then-Nationalist government that the "winds of change" were sweeping the African continent as colonies were granted independence by European powers and that its policy of apartheid was out of date.

Public spending rises in run-up to presidential election

Mexico shrugging off recession

By Damian Fraser in Mexico City

Mexico's government has substantially increased public spending in the run-up to the presidential election on Sunday. This rise, along with growth in exports and investment, has helped the national economy recover from the recession of the second half of last year.

The finance ministry reported, in its quarterly bulletin to Congress, that public spending reached 148.6bn pesos ($43.8bn) in the first half, an increase of 11.4 per cent on the spending in the equivalent period last year. Social spending rose by 8.8 per cent while public investment climbed by 27.6 per cent, partly thanks to new federal public works projects.

The public sector is still expected by the finance ministry to show a balanced budget this year, as was originally forecast. However, the increased spending cut the public sector's budgetary surplus in the first half to 5.42bn pesos, less than half the surplus of a year ago.

The ministry said that economic growth this year has been lifted by "adequate management" of fiscal policy, and by expansion of manufacturing exports and investment. Gross investment increased by 5.9 per cent in the four months to April, while the manufacturing exports grew by 25 per cent to May. There are still no figures for economic growth in the second quarter, but industrial production increased by 2 per cent up to May.

The tentative economic recovery from the recession of last year has helped reverse the steady increase in unemployment from October 1992 until the end of last year. According to the new figures, the unemployment rate fell from 3.8 per cent of the potential workforce to 3.2 per cent in May. (Mexico's unemployment rates are kept artificially low by lack of an unemployment benefit.)

However, Mexico's trade deficit continues to be cause for concern. It is growing sharply this year, despite weak economic activity in many sectors. At the end of May, the trade deficit had reached $7.2bn, 26 per cent more than the equivalent period last year.

Unlike in 1993, the rate of growth of imports, at 19.3 per cent, exceeded growth in exports, which reached 17.3 per cent. The ministry sought to blame the deficit in part on the low oil prices in the first part of the year.

At the end of June, net domestic and foreign debt consolidated with the Bank of Mexico was equivalent to 22.4 per cent of GDP.

One eye on the observers

Damian Fraser on the quest, aided by the UN, for a free and fair poll

MEXICAN ELECTIONS

Mexico about to face the most closely watched presidential poll in its history, the impartiality of the more than 32,000 electoral observers who will help assess the legitimacy of the result has come under the spotlight.

The governing Institutional Revolutionary party has long claimed that some observers are politically partisan and that their findings are not necessarily to be trusted. It points to the links between the best-known observer groups and the leftist Party of Democratic Revolution as evidence of possible bias.

However, the emergence of new observer organisations linked to the PRI has led to the opposite accusation. The PRI is alleged to have created its own observer groups as a counterweight to existing organisations, to make sure that at least some observers say the elections are clean.

The observers do not have any formal authority to qualify electoral results. But they have been given legal status for the first time ever in a Mexican election, and are allowed a free hand to scrutinise the electoral process at the country's 96,000 voting booths. They are expected to play a key role in influencing public opinion's assessment of the electoral process.

Viva Cárdenas: Supporters of the leftist opposition candidate, Cuauhtémoc Cárdenas of the PRD, get behind their man Reuter

The national observers will be joined by several hundred foreign "visitors", admitted for the first time by Mexico. The visitors have much the same rights as national observers, although foreigners cannot interfere in the voting process itself.

The debate over the observers in part reflects continued lack of trust in the electoral process, despite government efforts to reform the system.

In principle there should be few differences of opinion between the 14 main observer groups. All are being advised by a technical team from the UN, and will be using similar methodology when observing the electoral process. They have just signed a pact committing them to impartiality and objectivity when scrutinising the election.

However, party officials and the UN accept the possibility that different organisations may reach separate conclusions on the legitimacy of the process, creating at the very least confusion in the mind of the public.

"This is a concern for us," says Nguyen Huu Dong, the UN official who is advising Mexican observer groups, "but there is no solution. No one can stop observers participating. If they use a good methodology and care about their reputation we can avoid problems."

The best known observer organisation, Civic Alliance, is made up of several hundred human rights and pro-democracy groups, and is given high marks by Mr Dong for professionalism. It has been aggressive in monitoring pre-electoral conditions, criticising biased media coverage of the election and government support for the ruling party, more so than the UN would have liked.

On the day of the election, Civic Alliance hopes to have thousands of observers watching polling booths and looking out for fraud. It is organising its own "quick count" of a sample of representative polls, to make any tampering with the final result, as some suspect may have happened in the 1988 election, more difficult.

The PRI is generally mistrustful of Civic Alliance, reckoning it is too close to the leftist PRD (some members of Civic Alliance affiliates are running for Congress for the leftist PRD). Mr Fernando Lerdo de Tejada, a prominent PRI congressman, recently complained in a newspaper article that "a large number of the groups of observers are protagonists for a political party, which reduces their trustworthiness ... and raises the question whether they form part of the post-electoral strategy expressly devised by some parties".

Mr Enrique Calderón of the Alliance says: "It is legitimate to identify us with the opposition. We are observers because we are not in agreement with system."

But he firmly denies there will be any bias in reporting what volunteers see. He points out that the Alliance has received a large grant from the UN (and therefore indirectly from the Mexican government, which has funded the UN observer project).

In what some see as an effort to reduce Civic Alliance's influence, other observer groups have sprung up in recent months. The Mexican teachers' union will field about 13,000 accredited observers and, thanks to the union's deep pockets, these will be among the best organised. But this union is formally affiliated to the PRI, which makes many in the opposition suspicious of its independence.

Proceso, a news magazine, reported this week links between the PRI and the head of the National Democratic Crusade, another observer group. One of Democratic Crusade's members recently claimed in a press release: "The changes that have been made in electoral legislation and the inclusion of citizen advisers [in the electoral authorities] makes us certain that there will be transparency, legality and legitimacy in the electoral process".

Iranians recall envoy in Argentina

By John Barham in Buenos Aires

Iran is recalling its ambassador to Argentina, further raising tensions between the two countries after an Argentine judge last week accused Iranian diplomats of having played key roles in bomb attacks against a Jewish community centre in Buenos Aires last month and against the Israeli embassy there in 1992.

However, Mr Fernando Petrella, Argentine deputy foreign minister, yesterday tried to defuse the crisis: "There are no such things as drastic measures in diplomacy. We are not recalling our ambassador." Mr Mario del Castillo, Argentine ambassador in Tehran, "was called back to Buenos Aires for consultations after the bombing. He is in Tehran now but will be returning to Buenos Aires in a few days." Staffing at Argentina's embassy would be halved to two diplomats, Mr Petrella said.

Judge Juan José Galeano last week issued international arrest warrants for four former diplomats at the Iranian embassy in Buenos Aires, saying they had provided support for the 1992 bombing, which killed 30 people. He also said three diplomats based in Buenos Aires had helped prepare the attack last month, which claimed 96 lives. Intelligence officials blame the Lebanon-based Hizbollah organisation for both bombings.

Iran said it would begin legal action against Argentine officials for implicating the four diplomats. State-run Tehran Radio said Iran was "determined to appeal to international judicial organisations to follow up the accusations brought against the Iranian citizens."

Israeli and western diplomats in Buenos Aires say that, although Judge Galeano's evidence against the seven diplomats is weak, they are convinced that Tehran indirectly backed both bombings through its sponsorship of Hizbollah.

The judge's main informant was an Iranian now seeking political asylum in Venezuela. Diplomats suspect he is inflating his knowledge of the affair to improve his chances of winning asylum.

Argentine President Carlos Menem appealed for calm at the weekend, after admitting that officials had over-reacted to intelligence reports from Israeli and US sources warning of the risks of a third bomb attack.

US house building shows faster rate of growth

By George Graham in Washington

The pace of new housing construction in the US picked up last month, the Commerce Department reported yesterday.

Housing starts rose by 5 per cent in July to a seasonally adjusted annual rate of 1.115m, the department said, after falling by 9 per cent the previous month.

Market economists said that the figure was somewhat stronger than had been generally expected by most analysts, but still gave indications that higher mortgage rates were taking a toll on the strength of the housing construction market.

Although the July pace of housing starts was 14 per cent higher than a year earlier, it still showed a drop of 12 per cent from the peak seasonally adjusted rate of more than 1.6m starts reached last December.

Construction of new single family homes remained relatively weak, and much of the strength in July came from multi-family buildings such as flats and semi-detached homes.

Housing starts rebounded in the west and mid-west, where they had fallen sharply in June, but declined slightly in the south and north-east.

Building permits, which can provide an advance indication of home construction trends, rose by 2 per cent in July after seasonal adjustment, after falling by 3 per cent in June. Again, fewer permits were issued for single family homes, with most of the strength in the multi-family dwelling sector.

Overall, analysts said the numbers confirmed the likelihood that residential construction would contribute little to overall economic growth this quarter.

US pension funds benefit from foreign holdings

By Norma Cohen, Investments Correspondent

US pension funds earned an average return of 11.3 per cent on their investment portfolios last year, outperforming US stock markets, according to a new survey.

The Wyatt Company, a leading pension and benefits consulting firm, said the performance reflected the funds' holdings of non-US stocks and bonds. The average US pension scheme held 9 per cent of its total assets in non-domestic securities. Of this, 7 per cent were in equities and a further 2 per cent in fixed income securities.

Over the past three years, US pension funds have returned an average of 14.8 per cent annually.

Of the 12 countries surveyed, pension schemes in all countries increased their weightings in equities. Malaysian funds, for instance, increased their average weighting in equities from 27 per cent last year to 62 per cent a year later.

Median balanced pension fund returns, adjusted for local currencies, were highest last year in Malaysia, where they totalled 91 per cent.

Hong Kong provided the second highest returns, and pension funds there earned an average return of 53.3 per cent. The country whose pension funds earned the lowest returns was Japan, where the average fund earned only 5.1 per cent, the survey said.

RELAXED: General Raoul Cédras, Haiti's military strongman, ignores growing US pressure as he takes a leisurely stroll outside the Haitian capital, with his wife Yannick and guards. Reuter

Colombian campaigns 'drug-free'

Colombia's prosecutor-general said yesterday an investigation had found no proof that drug traffickers financed the election campaigns this year of President Ernesto Samper and of his main rival Mr Andrés Pastrana, Reuter reports from Bogotá.

"It was not proven that money from drug trafficking reached the presidential campaigns, fortunately for Colombian democracy," Mr Gustavo de Greiff said in a radio interview.

He had launched an investigation in June after allegations, based on audio-cassette tapes, that the heads of the country's most powerful cocaine trafficking organisation, the Cali cartel, offered money to Mr Samper's campaign.

The allegations, which came only days after Mr Samper's victory on June 19 in a close contest, caused uproar in Colombia and led to severe questioning in the US of the country's commitment to the war against the global trade in illicit drugs.

The cassettes were made public by Mr Pastrana after his defeat although they also contained an ambiguous reference to drug money in his campaign.

Both Mr Pastrana and Mr Samper vigorously denied that their campaigns had received any drug money.

● Colombian Marxist guerrillas killed seven members of an anti-drug police patrol, in an ambush in a mountainous area used for growing opium poppies, a police official said yesterday.

"The guerrillas blew up the road as three vehicles carrying 36 police went past," the official said.

"They then attacked them with waves of sub-machine-gun fire and explosives." Police returned fire but there was no word of guerrilla casualties.

The attack occurred on Monday near the town of Caloto in the south-western department of Cauca.

The patrol was returning to base after a trip to seek poppy plantations.

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re : Chapter 11

TOWERS FINANCIAL CORPORATION, et al., : Case No. 93 B 41558 (PBA)
Hearing Date September 13, 1994
Time 2:30 p.m.

Debtors.

NOTICE OF HEARING ON DISCLOSURE STATEMENT

TO ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE ABOVE-CAPTIONED DEBTORS:

PLEASE TAKE NOTICE that on June 30, 1994, the Official Committee of Unsecured Creditors (the "Committee") of Towers Financial Corporation, et al. (the "Debtors"), by its counsel, Winthrop, Stimson, Putnam & Roberts, filed its Disclosure Statement dated June 30, 1994 (as it may from time to time be amended, modified and supplemented, the "Disclosure Statement") with respect to its Plan of Reorganization (the "Plan").

PLEASE TAKE FURTHER NOTICE that a hearing (the "Disclosure Statement Hearing") will be held before the Honorable Prudence Beatty Abram, United States Bankruptcy Judge, at the United States Bankruptcy Court, United States Customs House, One Bowling Green, New York, New York in Room 617, on September 13, 1994 at 2:30 p.m., or as soon thereafter as counsel can be heard, to consider the entry of an order, among other things:

(a) finding that the information contained in the Disclosure Statement is "adequate information" as such term is defined in section 1125 of the Bankruptcy Code;
(b) approving the Disclosure Statement;
(c) authorizing the Committee, pursuant to section 1125(b) of the Bankruptcy Code, to transmit copies of the Disclosure Statement, the Plan and related solicitation documents (together, the "Solicitation Materials") to all known holders of impaired claims against and interests in the Debtors, and to solicit acceptances of the Plan by the holders of such impaired claims and interests entitled to vote on the Plan;
(d) granting such other and further relief as the Court may deem just and proper.

PLEASE TAKE FURTHER NOTICE that the Disclosure Statement, the Plan and the forms of Ballots are on file with the Clerk of the Bankruptcy Court (the "Clerk") and may be examined by interested parties at the office of the Clerk at the United States Bankruptcy Court, United States Customs House, One Bowling Green, New York, New York during regular business hours and copies may be obtained upon written request from Winthrop, Stimson, Putnam & Roberts, One Battery Park Plaza, New York, New York 10004, Attn: Stacey E. Nadell, Esq. Upon written request to Winthrop, Stimson, Putnam & Roberts at the aforementioned address, the Committee will provide any and all future amendments to the Disclosure Statement and the Plan.

PLEASE TAKE FURTHER NOTICE that all responses and objections, if any, to the approval of the Disclosure Statement or any of the other relief sought by the Committee must be in writing and stated with particularity and the objection MUST include, where appropriate, suggested language to amend the Disclosure Statement in a manner that would resolve the objection and be filed with the Clerk of the Court on or before 5:00 p.m. on the date which is one week before the Disclosure Statement Hearing and served in a manner so as to be received on or before that time by (i) the Chambers of Bankruptcy Judge Prudence Beatty Abram (courtesy copy), United States Bankruptcy Court, United States Customs House, One Bowling Green, New York, New York 10004; (ii) the Office of the United States Trustee, 80 Broad Street, Third Floor, New York, New York 10004, Attn: Brian Masumoto, Esq.; (iii) Fried, Frank, Harris, Shriver & Jacobson, One New York Plaza, New York, New York 10004, Attn: Terrence A. Corrigan, Esq.; (iv) Winthrop, Stimson, Putnam & Roberts, One Battery Park Plaza, New York, New York 10004, Attn: Richard L. Epling, Esq.; (v) United States Securities and Exchange Commission, 7 World Trade Center, 13th Floor New York, New York 10048-1102, Attn: Dorothy Heyl, Esq.; (vi) Schulte, Roth & Zabel, 900 3rd Avenue, New York, New York 10022, Attn: Mark A. Neporent, Esq.; and (vii) Clark, Klein & Beaumont, 1600 First Federal Building, Detroit, Michigan 48226-1962, Attn: Michael S. Khoury, Esq.

PLEASE TAKE FURTHER NOTICE THAT IF ANY OBJECTION TO THE DISCLOSURE STATEMENT OR ANY OF THE OTHER RELIEF SOUGHT BY THE COMMITTEE IS NOT FILED AND SERVED STRICTLY AS PRESCRIBED HEREIN, THE OBJECTING PARTY WILL BE BARRED FROM OBJECTING AND WILL NOT BE HEARD AT THE HEARING.

PLEASE TAKE FURTHER NOTICE that upon approval of the Disclosure Statement by the Bankruptcy Court, known holders of impaired claims against and interests in the Debtors will receive a copy of the Disclosure Statement, the Plan, and various documents related thereto.

PLEASE TAKE FURTHER NOTICE that the Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by an announcement in the Bankruptcy Court of such adjournment on the date scheduled for the Hearing.

Dated: New York, New York
July 12, 1994

BY ORDER OF THE BANKRUPTCY COURT
HONORABLE PRUDENCE BEATTY ABRAM
United States Bankruptcy Judge
United States Bankruptcy Court
One Bowling Green
New York, New York 10004

WINTHROP, STIMSON, PUTNAM & ROBERTS
Attorneys for the Official Committee
of Unsecured Creditors of
Towers Financial Corporation, et al.
Attn: Richard L. Epling, Esq.

NEWS: WORLD TRADE

Unions accuse Sony under Nafta accord

By James Harding in Washington

US and Mexican labour organisations yesterday filed a complaint against Sony Corporation, the electronics multinational, for alleged violations of worker rights at the company's plants in Mexico.

The complaint was filed under a side agreement to the *North American Free Trade* Agreement which provides for the monitoring of labour law enforcement. It is the first to relate to labour rights violations alleged to have occurred since the signing of the accord.

The case is being seen as a test of the Clinton administration's commitment to the agreement's legal provisions for ensuring equivalent rights for workers in all three countries of Nafta.

The International Labor Rights Education and Research Fund (ILRERF), a non-profit human rights and labour organisation, in association with two pro-democracy lobbies in Mexico, is accusing Sony of obstructing free association of its workers.

They allege that Sony maintained surveillance on active unionists, fired a number of workers who went on strike and pressured employees to work on national holidays. The complaint also alleges that Sony has violated the Mexican Federal Labor Law and criticises the Mexican government for failing to enforce applicable labour laws which guarantee freedom of association and limit hours of work.

ILRERF is calling on the US National Administrative Office to hold public hearings and an on-site investigation of Sony's operations.

Under the complementary arrangements of Nafta regarding labour conditions, the US cannot impose sanctions to guarantee labour law enforcement, but can review cases and inform their free trade partners when they perceive *infringements* of worker rights.

Sony, which employs 2,000 people at its Nuevo Laredo plants denies any wrongdoing. Observers say Sony may be caught in a domestic political conflict between the Confeder*ation of Mexican Workers*, the government-linked union, and workers who wish to establish an organisation independent of the ruling party.

The Mexican government has not informed Sony of any violation of labour laws, Sony said. A government spokesman declined comment before the complaint was filed.

Brazil and Bolivia seek to clinch gas pipeline accord

Presidents Itamar Franco of Brazil and Gonzalo Sánchez de Lozada of Bolivia yesterday met to seek a final agreement on a $1.8bn gas pipeline to be built from Bolivia's extensive natural gas fields to Brazil's industrial south, writes Angus Foster in São Paulo.

The pipeline is expected to go ahead but agreement on the shareholdings in the project, and its timing, was still being discussed yesterday, after a delay for negotiations over the price Brazil *should* pay for Bolivian gas.

The project, under discussion for 18 months, was advanced at the weekend when Petrobrás, the Brazilian state-owned oil and gas company, announced it had chosen the BTB consortium as its main partner for the project. BTB is a joint venture of BHP, Tenneco and British Gas.

Under the Brazilian constitution, Petrobrás is obliged to retain control of oil and gas ventures in the country, and is guaranteed a 51 per cent shareholding. The remaining 49 per cent is to be split among BTB, a consortium of Brazilian private companies expected to hold 9 per cent, and Bolivia's state oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB).

YPFB was due to hold 4 per cent of the venture but now wants more. This is likely to be opposed by BTB and Petrobrás, which hopes a *significant third-country shareholding* will help raise finance for the project.

Bolivia is also thought to want to renegotiate the price accord. When this was signed in February last year, Brazil contracted to buy 8m cubic metres of gas a day, rising to 16m cubic metres in seven years. Bolivia now wants either a higher price or more consumption by Brazil.

Sánchez (left) and Franco: Sharing problem

A Brazilian official described the requests as "negotiating ploys" not threatening the overall project.

Once the shareholdings are agreed, the partners will conduct detailed feasibility studies and seek about $800m in international finance.

India fumes at US 'flammable' skirt ban

By Shiraz Sidhva in New Delhi

The Indian *government* yesterday said it would seek a lifting of the US ban on the import of Indian rayon-cotton textile skirts, imposed because they were "dangerously flammable".

Indian exporters have reacted with dismay to last week's decision by the US Consumer Product Safety Commis*sion to recall more than* 250,000 skirts, in the biggest ever recall of clothing.

India exported more than Rs1bn ($31.8m) worth of the skirts to the US last year, and *no accidents* have yet been reported.

The Indian government yesterday told parliament it would convene a meeting of exporters this week in an effort to get the ban lifted. The meeting is not expected to consider ways of making the skirts less flammable.

The commission claimed the skirts, *which sell for between* $6 and $80, "burnt faster than newspaper".

However, Indian exporters describe the ban as "inexplicable". "We cannot fathom why they have clamped down on only Indian rayon skirts when China, Korea and Hong Kong also supply the same fabrics," says Ms Manju Dhingra, director of Orient Craft, a Delhi-based garment export house, which sells to leading fashion stores across the US, including Gap. Asked whether the skirts could be treated to become less *flammable, she* said: "The basic element of the fabric cannot be changed."

US Customs last month held up a consignment of the skirts, objecting to their inclusion under the "folklore" provision of a bilateral agreement with India, which allows for non-quota imports. US officials said the skirts did not conform to the traditional Indian "ghagra" skirts, because most of them had elastic waistbands. However, they later accepted Indian arguments that the waistbands were a "modern convenience" and the skirts were released without the imposition of quotas.

Indian commerce ministry officials say the timing of the ban, so soon after the US Custom's *objection, makes it diffi*cult to believe that consumer safety is the only reason for the ban. "This seems like an attempt to impose non-tariff barriers, with the US specially targeting India," said an official.

Textile importers and retailers in the US have also expressed dismay at the ban and are *sceptical* about whether skirts from other countries have also been tested.

Putting the spark under reforms

Stefan Wagstyl and Shiraz Sidhva on attempts by the Indian government to attract foreign investment into building a power sector necessary for the country's economic modernisation

Free electricity is one of life's few blessings for slum dwellers in Shahdara, east Delhi. It is easily obtained by scrambling up an electricity pole and attaching a wire to the overhead mains. Occasionally, someone gets electrocuted in the process, but not often.

Electricity board officials turn a blind eye to such pilfering, which happens *all* over India. The effort of collecting payment from slums is not worth the revenues.

Also, decades of socialist thinking have encouraged many Indians to regard the mostly state-owned electricity distribution boards as welfare agencies. Farmers in Karnataka state, south India, pay *just 5 per cent of cost for their* current. In neighbouring Tamil Nadu they pay nothing.

The result is chronic losses for the industry and frequent power cuts for consumers thanks to electricity shortages.

However, the government of Mr P V Narasimha Rao, the reform-minded prime minister, is now committed to overhauling the industry, recognising that without improved electricity supplies, the economic modernisation programme launched in 1991 will grind to a halt.

After years of relying on state-owned industry, Mr Rao is calling on private companies – including foreign groups – to build and operate 100 per cent privately-owned power plants.

But business has so far been slow to respond. Mr P V Rangayya Naidu, minister of state for power, yesterday told parliament that 75 investors, including 35 from overseas had submitted proposals to the government to invest Rs1,041.52bn ($33.6bn) to build and operate power stations with a total capacity of more than 20,000MW. *But only four* small-scale plants with a combined capacity of 1,300MW are under construction, all by Indian-owned companies; four large projects totalling 8,000MW and involving foreign capital, have been *approved* by the government, but none is yet under way.

Businessmen have responded cautiously to the proposals, partly because of the huge scale of the investments and partly because of doubts about the government's ability to overhaul the industry's anti-commercial practices. Even though ministers in Delhi are committed to reform, many local politicians, who use cheap electricity to buy farmers' votes, are not.

Mr S V Joshi, director of power distribution at the Indian affiliate of Siemens, the German engineering group, says: "It took the US 10 years to switch from public to private sector power generation. India can't do it in two or three."

The government's 1992-97 economic plan calls for the addition of 31,000MW of public sector generating capacity to the existing total of 78,000MW (which includes 9,000MW from private plants). The public sector does not have the funds to fulfil the plan.

With a *large* power station costing $1bn or more, the only viable way for private companies to fund such projects is to split the cost between different equity partners and lenders, including multilateral institutions such as the World Bank.

Enron, the US energy group, is planning a $2bn plant for Maharashtra state to supply Bombay – perhaps the furthest advanced of the schemes involving foreign capital. Enron is considering asking lenders for about 80 per cent of the funds, with the remaining 20 per cent equity split between three partners – Enron, the Maharashtra State Electricity Board and General Electric, the US engineering group which would supply much of the equipment. Mr Tom White, chairman of Enron Power, Enron's power generation subsidiary, says raising the money is "quite a challenge".

The World Bank, the multilateral lending agency which has funded much of India's existing power capacity, has said it will support schemes involving private companies. Officials believe public sector boards are generally poor managers - Indian power plants run at an average of 60 per cent of full capacity and 23 per cent of output is lost during transmission.

The Indian government has proposed contracts which would allow generating companies to pass on increases in fuel costs (the main variable cost) and earn a minimum net annual profit of 16 per cent.

But most foreign companies say this is not enough. They are asking for central government guarantees that they will be paid by the state-level electricity boards, which are the main distributors.

The companies are worried because the electricity boards are controlled by local state governments, which use electricity supply as a political tool. The boards make huge losses because they are unable to charge market rates since politicians manipulate rate increases to protect their constituents, especially farmers.

The central government had ruled out guarantees, saying the answer lay in water-tight legally enforceable contracts, but last month, a visiting US delegation headed by Ms Hazel O'Leary, US secretary of energy, convinced the government that few foreign investors would be willing to enter the Indian power sector without counter-guarantees. The government agreed to reconsider its earlier decision, and announced on Friday that the *Enron project would be the* first to receive a guarantee agreement, valid for the 12 years that the company is servicing its loan obligations. Enron had sought a 25-year guarantee period.

The government's decision has, nonetheless, paved the way for guarantee facilities for six other power projects with foreign investment, in Andhra Pradesh, Orissa, Tamil Nadu and Karnataka.

The cabinet also approved guidelines to enable more of the state electricity boards to qualify for government guarantees. The boards and the states in which the power plants are being built will need to prove that they are financially healthy, and the project's financial plans will be closely monitored by the government's Power Finance Corporation.

The ministry is considering further incentives to tempt foreign companies. Officials also point to the success of the four Indian private companies in the industry – the Bombay Suburban Electric Supply Company, the Calcutta Electric Supply Company, Ahmedabad Electricity and Tata Electric Companies. All are profitable and most are expanding capacity. As Mr Joshi of Siemens says: "This proves India can do it."

Fresh row with Brussels over jobs

By Kevin Brown in London and David Gardner in Brussels

A fresh row over disabled workers blew up between London and Brussels yesterday after the European Commission denied British claims that it had questioned the legality of the UK's priority supplier scheme last week.

The dispute broke out as government officials in London admitted they had failed to alert ministers to changes in European Community law on priority suppliers which threatened assistance given to disabled workers.

British officials disclosed on Monday that Mr Martin Bangemann, EU industry commissioner, had written to Mr Douglas Hurd, foreign secretary, to inform the UK government that the Commission was investigating the legality of the scheme.

The disclosure was intended to undermine claims by the Commission that it was unaware of legal problems caused by an EU directive on public procurement which took effect in June.

Mr Michael Portillo, employment secretary, withdrew government departments from the scheme last week, after receiving legal advice that it was incompatible with the directive.

Commission officials conceded that Mr Bangemann had written to Mr Hurd, but emphatically denied that the letter was connected to the priority scheme. However, the foreign office said Mr Bangemann had specifically confirmed the Commission's doubts about the legality of the scheme, which allows companies employing mainly disabled workers a chance to make a second bid for government contracts to match the winning tender.

The letter, signed by Mr Bangemann on Friday, is mainly concerned with the Commission's dismissal of a complaint under EU competition legislation against a company which lost a government contract to Remploy, one of the biggest employers of disabled workers.

But it continues: "The Commission would draw your attention to the fact that this decision does not prejudice its position regarding the priority supplier status granted to Remploy by the UK authorities, which it is currently examining to establish whether it is compatible with the rules relating to public procurement."

The admission that the Commission was examining the legality of the priority scheme last week appears to demolish its claim that it was unaware of the UK legal problem until Mr Portillo announced the withdrawal of government support on Thursday.

However, Commission officials continued to maintain that the UK had at no point contacted it about any incompatibility between the scheme and the directive. "The directive was never intended to force changes in any member state's social legislation, much less in programmes for the disabled," a Commission official added.

Britons use more classroom calculators

British school pupils lead the world in their use of calculators, UK government education inspectors said yesterday, *John Authers writes.*

In England, 87 per cent of primary schools not only permit the use of calculators, but also provide them to their pupils. Asian countries are far more strict. In South Korea, no primary schools provide their children with calculators, while 55 per cent ban their use altogether.

Findings by the National Institute of Economic and Social Research published last year showed English pupils scoring an average of 59.5 per cent in standardised international mathematics tests, while Korea and Taiwan, where only one per cent of primary schools provide calculators, both scored 73 per cent.

The inspectors said schools should consider whether they were allowing children to use calculators too much in their report, which found widespread shortcomings in the teaching of maths and science.

In South Korea no secondary schools give their pupils access to calculators, while 35 per cent bar their use. Similar policies are followed by 21 per cent of Swiss schools, and 14 per cent of US schools, but by no English schools.

London's Science Museum has installed a virtual reality machine which allows visitors to test their skills as drivers of the Channel tunnel shuttle train. The software, written by Virtuality Entertainment Ltd., coincides with an exhibition celebrating the first fixed link across the channel. Eurotunnel driver Steve Baker was among those trying out the equipment yesterday Picture: Trevor Humphries

Rolling contracts at top companies

By William Lewis

Almost half of the UK's 100 largest listed companies have directors on three-year rolling contracts, in contravention of practices recommended by leading investment institutions. A Financial Times survey shows that 44 of the FT-SE 100 companies still have these contracts, which can impose huge compensation costs when directors resign or are dismissed. They include Royal Bank of Scotland, Royal Insurance and Unilever, where 13 directors are on three-year rolling contracts. Institutional concern about the potential costs of such contracts has recently been echoed by Mr Michael Heseltine, the trade and industry secretary.

Earlier this week, Reed Elsevier, the Anglo-Dutch publishing group, disclosed that it had agreed to make severance payments worth £2.02m to Mr Peter Davis, its former co-chairman who resigned in June. Mr Davis was on a three-year rolling contract.

In recent weeks, however, a number of companies have revealed that they have amended their directors' contracts. British Gas is the latest company to have cut its contracts to two years, including that of Mr Cedric Brown, chief executive.

In another move to reduce the potential financial costs of dismissing a director, BAT Industries, the tobacco and financial services group, has inserted an unusual clause in all its directors' contracts.

It obliges any director leaving the company to take all possible steps to find new employment "commensurate with your standing and expertise". Failure to do so could reduce the size of any pay-out.

Britain in brief

Latest PSBR buoys state of finances

The UK's public sector borrowing requirement fell to £1.1bn in July, indicating that the government is having success in keeping tight control of its spending programmes.

Many analysts are now convinced that the full year borrowing requirement for the financial year 1994-95 will fall short of the Treasury's £36.1bn forecast. Estimates of the likely deficit now range between £30bn and £34bn.

The improved public financial position increases the chances that the government might be able to make tax cuts ahead of the next election. But analysts warned that the government would be unwise to announce cuts in the forthcoming November Budget.

"We would be concerned about such tax cuts unless they were funded by clear cuts in public expenditure since the better than expected PSBR outlook owes much to economic growth being stronger than official forecasts" said Mr Adrian Cooper, UK economist at James Capel. "In these circumstances, tax cuts not matched by spending cuts would only fuel already robust demand growth."

Cost of flying flag

The British embassy in Paris cost £16.7m to run in 1992-93, including £359,000 on entertainment. The second most expensive embassy was Tokyo, at £14.5m including £293,000 on entertainment.

The figures, in a parliamentary written answer, show Washington next, with a total cost of £13.8m, including a £242,000 entertainment bill.

Other embassy running costs were Rome, £7.1m (£89,000 on entertainment); New Delhi £6.3m (£55,000); Moscow £5.1m (£102,000) and Brussels £3.6m (£50,000).

The Paris embassy employs one butler, one cook and 15 other staff, Tokyo has one butler, three chefs and 10 other domestic staff, Washington has 20 domestic staff including a butler and three cooks and New Delhi's 20 domestic staff include three cooks.

The Foreign Office said: "Entertaining is an essential tool of the diplomatic trade and is used as a means of building and maintaining a wide range of contacts – that is among officials, all opinion formers and businessmen, promoting our country's efforts overseas."

Soccer fans reveal wages

Thirty per cent of supporters of the main football teams in England earn more than £20,000 and almost one in ten more than £30,000, higher proportions than for the population as a whole, according to a survey.

The report was compiled from the views of over 10,000 fans polled last season by researchers at Leicester University for Carling, sponsor of the FA Carling Premiership.

Clubs with the most female support are Sheffield Wednesday, with 20 per cent, closely followed by Norwich City and Ipswich Town. However, only about 1 per cent of the sample described themselves as non-white and just over a quarter of fans had heard racism near them during 1993/94, though most felt racism was declining.

Air operator loses certificate

Orient Air, a company which ran services from Staverton airport, Gloucestershire, to the Channel Islands has had its air operators' certificate suspended by the Civil Aviation Authority at its own request.

Big companies use schools

Recruitment of school-leavers by large UK companies has more than doubled this year, according to a new survey of graduate and professional salaries.

The report, produced by Hay Management Consultants, also provides further evidence of a recovery in graduate recruitment, although this is much slower.

It said that companies had increased their median average number of recruits with only A-level qualifications or equivalent from four last year to nine this year. For university graduates, the rise was from nine to 10, accompanied by a rise in starting salary of slightly more than three per cent. The survey covered 127 organisations.

48-hour rail strike called

The RMT transport union announced a further 48-hour stoppage by its signal workers for immediately after the August bank holiday weekend. It will last from noon on Tuesday 30 August to noon on Thursday 1 September.

This follows next Monday's 24 hour disruption planned to run from midnight on Sunday. Mr Jimmy Knapp, the RMT's general secretary said his executive had announced the new strike dates to "dispel public doubts" that the union might disrupt travel during the holiday period itself.

Shadow toll schemes named

Details of the first road schemes to be financed and built by the private sector in return for the payment of "shadow tolls" by the government are expected to be announced today.

Under this initiative motorists will not pay tolls but the companies which build and manage the roads will be paid by government according to the number of vehicles which use a stretch of road.

Private companies will design new sections of road, ensure they are maintained to a set standard and even arrange to clear snow in winter.

The government's ultimate aim is to move to a system of real tolls whereby motorists pay directly for the use of motorways. It is currently testing electronic tolling systems with the aim of introducing motorway charging sometime after 1998.

Ministry denies 'nuclear graveyard' claims

Britain's Ministry of Defence has denied claims by the Labour opposition that it plans to turn the Rosyth naval dockyard in Scotland into a "graveyard" for decommissioned nuclear-powered submarines, *Kevin Brown writes.*

Mr Gordon Brown, the shadow chancellor, said that leaked government documents showed that seven obsolete nuclear submarines were to be dumped at the yard. Mr Brown, whose Dunfermline East constituency includes Rosyth, said that safety regulations were to be relaxed, leaving the area without proper protection.

He said that plans to move the navy office responsible for nuclear safety to Faslane, on the Clyde, and to base tugs used for moving submarines at Devonport were "completely unacceptable".

The MoD said that no decision had been made to lay up nuclear powered submarines at Rosyth, and denied that the relocation of the navy office would affect safety.

"Laid-up nuclear-powered submarines present no hazard to the general public or the dockyard workforce," the ministry added.

Seven nuclear-powered boats are currently laid up, four at Rosyth and three at Devonport. A further four are expected to be decommissioned by the end of the century. The radioactive spent fuel and nuclear cores are removed from decommissioned boats and the hulls are sealed while the level of radioactivity in the reactor compartments declines.

No desert to litter with Navy's hot hulls

Bernard Gray considers the range of options for the final disposal of nuclear-powered submarines

A curious and surreal fate awaits US nuclear submarines. The boats designed for the deep oceans of the world end up buried in the American desert, which is considered the safest place to allow their radioactivity to decay naturally.

Britain has no desert in which to bury its retired submarines and so they languish in the two nuclear dockyards, Devonport in Plymouth and Rosyth in Fife.

There are seven boats at the two yards. The hunter-killer boats Dreadnought, Swiftsure and Churchill with the Polaris nuclear missile boat Revenge are at Rosyth, while hunter-killer boats Courageous, Warspite and Conqueror, the submarine that sank the Argentine cruiser Belgrano, sit mournfully side by side in an unused dock at Devonport.

The government's policy on the boats is to do nothing for the time being.

Each submarine has had its highly radioactive fuel and nuclear cores removed and sent to British Nuclear Fuels for storage and eventual disposal. The hulls are sealed and the reactor compartments – radioactive as a result of long exposure to the nuclear cores – are being allowed to cool down over a period of years.

Since the risks and costs of sawing up the hulks will be lower once some of the radioactivity has decayed, the government argues that there could hardly be a better place for the reactor compartments than inside the strong pressure hulls of the submarines.

The Ministry of Defence said: "There is no urgency. With the cores removed most of the radioactivity has gone and the remaining radioactivity continues to decline."

The policy of laying up the boats where they are decommissioned is likely to result in a sizeable flotilla at both Rosyth and Devonport over the next few years. Eleven nuclear submarines – including all four Polaris boats – will have been decommissioned by the end of the century. If normal practice is followed the Polaris boats will go to Rosyth, where all of their maintainance work has been carried out.

While the MoD is content to play it cool, the options for final disposal are very limited. The boats cannot be scuttled at sea because that would violate the international moratorium on nuclear dumping.

Burial whole in a dry-land site, which would prevent the radiation leaching into the water table, is difficult in a crowded and notoriously wet island.

The remaining option is disposal in the nuclear waste repository which is planned by the government, but which has yet to get approval and will not be available until 2005 at the earliest.

Even that would require the radioactive compartments to be cut up, an expensive job that the MoD is understandably in no hurry to start.

As a result, Rosyth, Devonport and all of their potential users are likely to have to get used to the sight of disused nuclear submarines.

No more a-roving: HMS Dreadnought, the navy's first nuclear-powered hunter-killer submarine

MANAGEMENT

Vanessa Houlder reports on the sleuthing skills of the EC's competition division

The price police

It was more than 200 years ago that Adam Smith, the classical economist, penned his famous dictum that "people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices".

A number of examples over the past decade suggest his comment is as valid now as then. Last month a group of carton-board producers were fined record sums after forming what the EC described as Europe's "most pernicious" price-fixing cartel.

The meetings of the "massive" 19-strong cartel were disguised as social events of an ostensibly legitimate association known as the Product Group Paperboard. These meetings usually took place in Swiss hotels, and occasionally in Nice or Barcelona, to lend credence to the idea of a social gathering.

In 1987 a group of North Sea supply boat operators were accused of running a price-fixing cartel, known as the Coffee Club because its alleged meetings took place in the guise of coffee mornings.

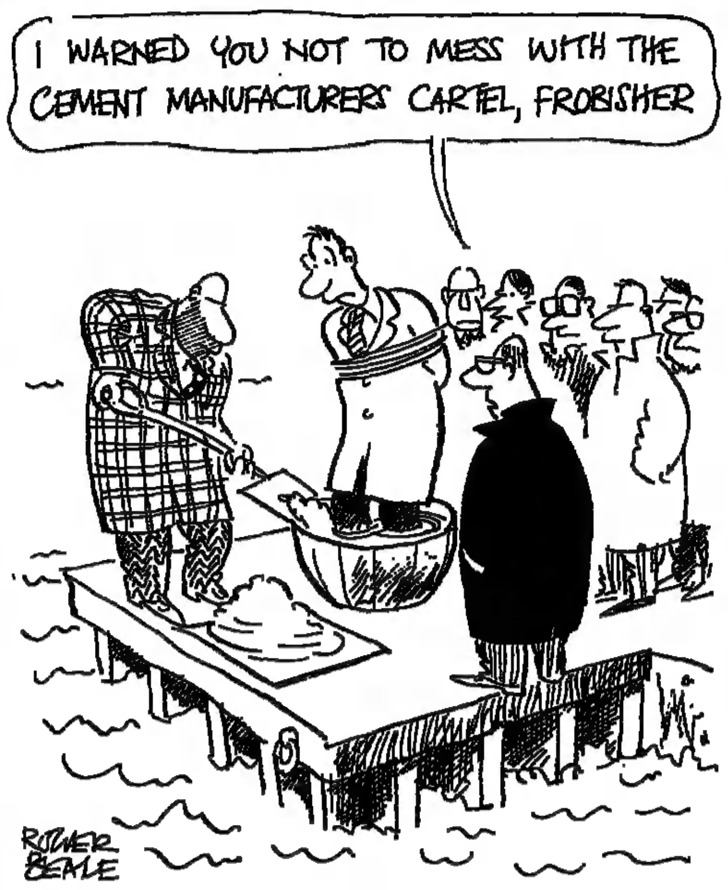
At about the same time, a group of Manchester glass merchants were meeting in private rooms in airport hotels to agree prices. A few years earlier a pub in Newbury, Berkshire was the meeting point for managers employed by some of Britain's biggest concrete companies who used to discuss how to carve up markets in neighbouring Oxfordshire.

As well as proving Smith's point, these cases illustrate a central problem facing the competition authorities. Although there may be ample grounds for suspicion, how can they prove that companies have agreed to rig the market? If people from the same industry discuss illicit agreements at, say, a trade association meeting or an industry conference, what proof is there that the law has been infringed?

Interviewing staff or examining documents seized after unannounced inspections of companies may yield incriminating evidence. In some instances, carelessness may play into the officials' hands – for example, documents about a PVC cartel were left on an office window sill by an employee of ICI, the UK chemicals group.

Frequently, however, it requires the skills of a sleuth to prove that illegal price-fixing has actually taken place. Many cartels cover their tracks effectively. The carton-board producers, for example, concealed their activities by drawing up bogus minutes of meetings.

"It is extremely difficult to get evidence of any collusion," says one observer. He likens the problems faced by the European Commission's competition division to those of the US agents who managed to bring down Al Capone, the Chicago gangster, on tax evasion.



Not surprisingly, trade associations can be a focus of suspicion for competition authorities. In many cases the origins of trade associations lie in the enforcement of price-setting agreements, in the years when they were legal. To a suspicious eye, the associations still provide a convenient cover to discuss pricing.

"It is clear that the Commission has a jaundiced view of trade associations," says one association official. "They believe that an organisation which exists to promote that industry has the capacity to orchestrate the things that go on."

He adds, however, that in many ways trade associations are unlikely media for cartels. "The last thing that companies want is a trade association official being there. If they were going to do anything they would do it on the telephone."

The subject of pricing is particularly likely to crop up in commodity-type industries. Ian Blakey of the British Iron & Steel Producers Association says it is sometimes necessary to stop conversation drifting towards the subject of price. "You have to be strict with the members. You can talk about market conditions but discussion of prices is not on. People know the rules."

Frequently, however, it is not flagrant discussion of prices that causes the problems. Trade associations can run into difficulties by exchanging statistics, selling products overseas collectively and establishing industry standards.

The exchange of statistics has proved a thorny issue for the Agricultural Engineers Association. In 1989 the European Commission took exception to its system of collating and supplying information on UK tractor registrations. An appeal concerning the Commission's move is due to be concluded next month.

The Commission said that the system revealed too much detailed competitive information. However, some tractor makers believe that the Commission's real concern about associations' statistical systems is that they are a way for an industry to police the workings of a cartel. If the Commission wins the appeal case, it is thought possible that it will take action against the statistical systems run by some 22 other trade associations.

The wide scope of the competition authorities' interests demonstrated by this example shows that it may be possible to get unwittingly into difficulties. This raises problems for associations and companies alike.

There are pitfalls for the unwary. Senior executives may be unaware of what their subordinates are doing. "It can be middle management who unbeknownst to the board get the firm into difficulty," says Sue Hankey of lawyers Cameron Markby & Hewitt.

The excuse is sometimes ignorance. Not everyone realises, for example, that the exchange of information between competitors is illegal. "A problem with sales people is they don't always realise they are infringing any legislation," says Richard Spiller of lawyers D. J. Freeman.

But the competition authorities are not impressed by pleadings of innocence. Companies need to show they have done everything possible to comply with competition law. Smiths Concrete, accused of taking part in a concrete cartel, appealed successfully against a fine on the grounds that it had taken all reasonable steps to prevent staff from taking part in unlawful agreements.

The heavy fines imposed by the Commission, which has the power to fine offenders up to 10 per cent of their worldwide annual turnover, has concentrated the minds of senior management on these issues. Organisations increasingly feel the need to be seen to comply with both the letter and the spirit of competition law.

Adrian Furnham wonders why business schools use modern parables to teach their students

Aesop's business legacy

Organisations, like individuals, have one thing in common: they are all different. Each company is unique even if its products are not.

If this is true, why do students of business try to learn from case studies? Can general principles be grasped by looking at unique examples? Are case histories just entertaining stories of business success and failure or the Aesop's fables of the 20th century?

Business experts and textbook authors are aware of the appeal of the case history. With the zeal of an evangelical preacher, US business gurus such as Tom Peters tell stories of how, often by making the most simple changes, organisations were saved from bankruptcy and their employees from redundancy.

Less attractive, perhaps, are the smug autobiographies by millionaires recounting their own "tea-boy to managing director" tale.

Many best-selling business books are simply a catalogue of interesting and unusual case histories which are used to illustrate a specific point.

Business textbooks also often use case studies to illustrate what they teach.

For scientists and social scientists alike, the idea of teaching by parable is bizarre. Does management science have no facts, formulae or theories which can be taught by conventional methods? Physics and mathematics have their axioms; but the principles of management science are constantly changing.

Advocates of teaching with case histories argue that the system has specific benefits. First, case studies are realistic and highly relevant. They are not abstract and not based on jargon. Students can easily identify with the everyday examples from the real world. Second, the stories are much more memorable than dry formulae.

Third, and perhaps paradoxically, the ambiguities in a business case study can be its strength as a learning tool. Just as biblical parables have kept theologians busy for two millennia with arguments about the precise meaning of a story, so the case study encourages participation by provoking different interpretations and points of view. Alternative insights, solutions and implications can be evaluated and debated.

The case study's complexity makes it difficult to analyse exhaustively, and in this sense it mirrors the real business problems the students will confront later in their careers.

Finally, students using case histories not only have to generate different interpretations but they have to argue and compete for their perspective. In this way this method of teaching can help develop an ability to marshall evidence in support of a particular explanation.

Critics of the case study approach to teaching see management science as having no facts or theories. What they forget is that medical students – for better or worse – use case studies for all the above reasons. It could be argued that lawyers are educated exclusively through the case study. Business people, like lawyers, are encouraged to draw abstract principles from specific case histories.

European Case of the Year

Insead and IMD, the Continent's leading business schools, have dominated 1994's European Case of the Year Awards.

These bouquets are handed out by the European Case Clearing House, the world's biggest source of management case study material with offices at Cranfield University in the UK and Babson College in the US.

Decided by the number of new users of each case study – considered a more objective method than a panel of judges – the awards acknowledge the contribution of the growing band of European authors. European schools are often criticised for relying too heavily on North American case material.

This year's overall winner, for the second time in the four-year history of the event, was Sumantra Ghoshal of Insead (who has recently been appointed to a new chair at the London Business School). Written in 1992, his case concerns the special problems and challenges of managing a professional service firm (Andersen Consulting Europe).

Presentations were made to the 12 authors of the most successful case studies in six management sub-categories (accounting, control and business environment; finance; policy and general management; human resources/organisational behaviour; marketing; production and operations management). Insead achieved three category winners, IMD two category winners and four runners-up.

The only UK success was Andrew Brown of Nottingham University (previously of Manchester Business School) who triumphed in the Policy and General Management section for his study of managing change in Britain's National Health Service.

"Cases don't attract the same attention as scholarly research even though they require a lot of work and skill," says Jeff Gray, director of ECCH. "That is why it is important to have a mechanism for recognising them."

ECCH, set up in 1973, is a non-profit company with charitable status and 325 member organisations. It gathers case materials from worldwide sources – it now has 13,000 titles spanning all aspects of management – and provides facilities for their selection and examination.

Apart from business schools, Gray says that the ECCH attracts companies and firms such as IBM, Shell and Ernst & Young with their own management development activities.

Tim Dickson

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BUSINESS AND THE ENVIRONMENT

Virginia Marsh on Romania's bid to save a damaged delta

Watch on the Danube

The World Bank is this month due to grant Romania $4.5m (£3m) to help preserve the Danube delta, Europe's largest remaining wetland and one of its most important wildlife sanctuaries, which is under increasing threat from industrial pollution.

After years of mismanagement under Romania's former communist regime, the delta's unique ecosystems are being destroyed by the pollutants and waste accumulated by the River Danube on its 2,700km journey through the industrial heartland of Europe.

The delta covers 580,000ha in eastern Romania and southern Ukraine where the Danube splits into three main branches and enters the Black Sea.

For centuries, it has provided a sanctuary for rare birds, fish and wildlife, as well as for persecuted human beings.

It is home to more than 75 species of fish, rare mammals such as the European mink and wild cat, and an estimated 300 species of birds including Dalmatian pelicans, pygmy cormorants, red-breasted geese, glossy ibis and several kinds of egret and heron.

Its few thousand human inhabitants are mainly descendants of ethnic Ukrainians and Russians driven out of tsarist Russia in the 17th and 18th centuries because of their religious beliefs. In 1991, Unesco (the United Nations Educational, Scientific and Cultural Organisation) added the delta to its World Heritage list.

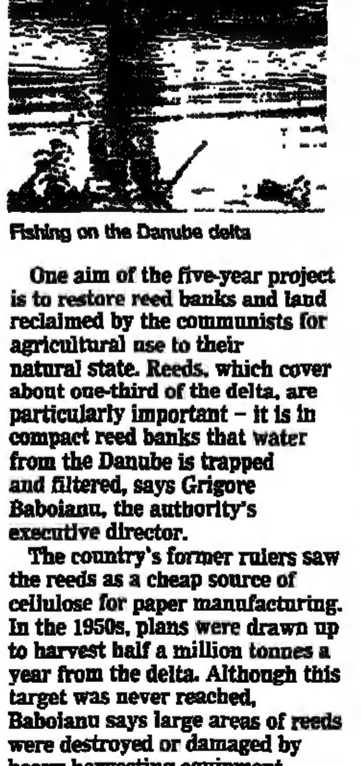
But the region is more than just an area of beauty and environmental interest.

"The delta is a natural buffer between the Danube and the Black Sea," says Irina Luca, project officer for the World Bank in Bucharest.

"Its vegetation filters out pollutants and purifies water from the river before it enters the sea. This is very important given the high levels of pollution already found in the Black Sea."

One of the first acts of Romania's post-communist government in 1990 was to halt all building and land reclamation projects in the delta, to designate the region a protected biosphere area and to set up the Danube Delta Biosphere Reserve Authority to administer it.

The World Bank grant, made from its Global Environment Facility, will be used to reverse some of the damage done in the past 50 years and to strengthen the authority, which is based in the port of Tulcea where the delta begins.


Fishing on the Danube delta

One aim of the five-year project is to restore reed banks and land reclaimed by the communists for agricultural use to their natural state. Reeds, which cover about one-third of the delta, are particularly important – it is in compact reed banks that water from the Danube is trapped and filtered, says Grigore Baboianu, the authority's executive director.

The country's former rulers saw the reeds as a cheap source of cellulose for paper manufacturing. In the 1950s, plans were drawn up to harvest half a million tonnes a year from the delta. Although this target was never reached, Baboianu says large areas of reeds were destroyed or damaged by heavy harvesting equipment.

Another important aim of the project is to prevent further damage to the delta.

Around one-third of the World Bank grant will be used to strengthen the authority's supervisory and administrative functions.

A law passed last December gave it wide-ranging powers, including responsibility for licensing fishing and other commercial activities and the right to fine those who fail to respect environmental protection rules.

Shipping and other companies, for example, can be fined for discharging dirty water into the delta and individuals for fishing without a permit.

In practice, however, the authority has had insufficient funds to carry out its tasks adequately. "At the moment, we have just 90 wardens – one for every 4,000-5,000ha – and no way of contacting them in the field," says Baboianu. The grant will be used to increase the number of wardens to 250, to train them and to buy equipment such as boats, binoculars and radios.

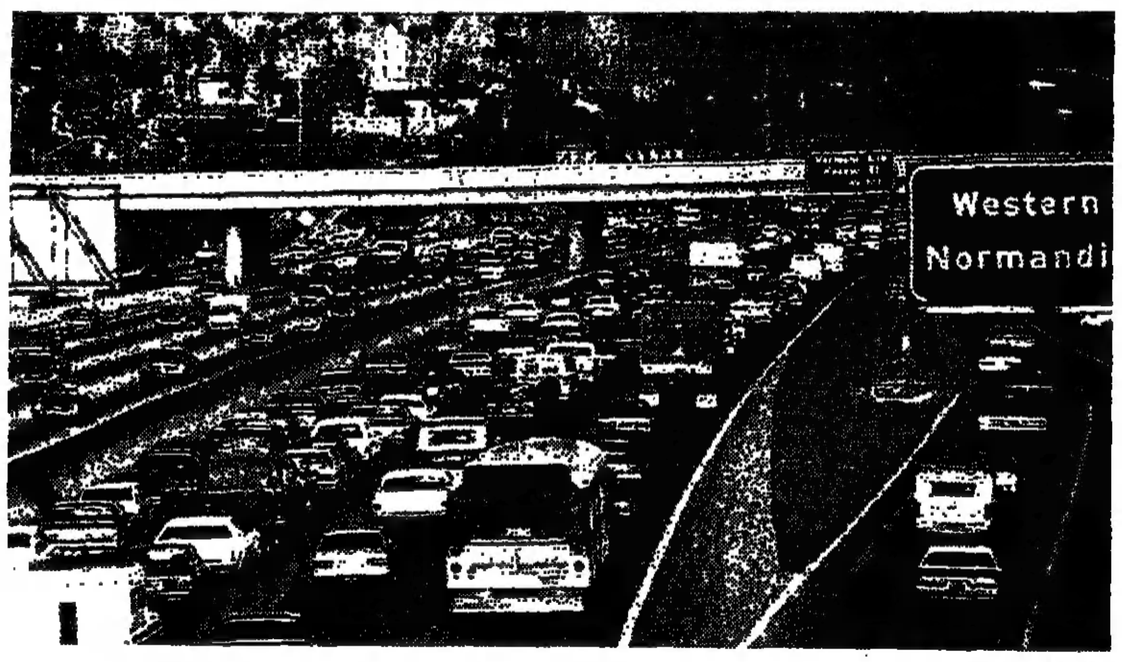
Wardens monitor the environment and wildlife in their districts and check that regulations are adhered to. The emphasis is on working with local communities, which are among the poorest and most isolated in Romania and whose people live from the land and from fishing and hunting. Most can only be reached by boat.

Baboianu says: "We do have problems with poachers and with people misunderstanding our role, but we do not want to be seen as a force against the people. We hope we can convince them to look on us as some kind of ecological vet, helping preserve and improve the area for everyone."

A greater problem is protecting the delta from pollutants in the Danube, especially fertilisers, phosphates and nutrients used in intensive farming. Their excessive use has led to eutrophication, manifested by an explosion of algae.

"This phenomenon is very dangerous for us. Algae cover the surface of the water and block light and oxygen for the more complex water plants and animals below, eventually killing them," says Baboianu.

This problem cannot be solved without co-operation from other Danube and Black Sea countries, many of which, like Romania, are undergoing difficult transitions to a market economy and can ill afford environmental clean-up projects. "We've made a start," says Baboianu, "but we can't look at the delta in isolation. We also need to solve the problems upstream and downstream."



Camera Press
Air quality laws in California demand that 'zero emission' vehicles comprise 2 per cent of total sales in the car market by 1998

Sparks fly over electric cars

Battery-operated vehicles may not be as clean as originally thought, explains **Victoria Griffith**

While the US automobile industry scrambles to meet 1998 deadlines to put electric vehicles on the market, controversy about the environmental benefits and commercial viability of battery-operated cars is mounting.

Circumstances in the US increasingly favour the electric car. Air quality laws in California and Massachusetts now demand that "zero-emission" vehicles comprise 2 per cent of total sales in the car market by 1998. Electric cars are the only vehicles to meet such standards so far. Other states are considering similar laws.

Yet the big three car manufacturers – Ford, Chrysler and General Motors – have complained bitterly during the last few months that a deadline of 1998 is unrealistic and that environmental benefits from the vehicles are ill-defined. Several environmental organisations have concurred.

In April, a leaked report by the US Environmental Protection Agency questioned the air quality improvements from battery-operated cars, lending credence to electric car critics. "Electric vehicles will not have a positive environmental benefit across the country," says Stephen Burrington, a lawyer with environmental advocacy group the Conservation Law Foundation.

Many ecologists complain that the term "zero-emission" vehicle is wishful thinking when applied to electric cars. The emissions are still there, they argue, whether they emanate from the electric power plant or from the car itself.

According to the EPA report, switching to electric vehicles may not always improve air quality as these cars increase electricity consumption. Benefits are, therefore, uneven. Regions relying on "cleaner" electricity sources, such as nuclear and hydro-electric plants and natural gas, for their energy will probably fare better than regions depending on more traditional power sources such as oil and coal.

"The switch to electric vehicles could be disastrous for a state like Kentucky, which still gets a lot of its electricity from coal," says Robert Russell, a lawyer for the Conservation Law Foundation.

Most people involved in the debate agree that electric car use in California would almost certainly improve air quality there.

"California is an exception, first because it has so many clean energy sources such as wind power, and second because its electricity sources are separated by mountains from the cities which have air quality problems, like Los Angeles," says Reginald Modlin, Chrysler's manager of environmental energy affairs.

There the consensus stops. The EPA and NESCAUM, the north-eastern air quality organisation, believe the north-east of the country, which generates much of its energy through nuclear power, could also benefit from electric vehicles.

The car industry disagrees. "Our studies show that the north-east would not get any improvement in air quality with a switch to electric vehicles," says Modlin.

John Williams, chairman of the US Advanced Battery Consortium at General Motors, also points out that electric cars are less efficient in the north-east than they are in California. "The cold in the north-east hurts our range," he explains. "We can get 70-90 miles in moderate temperatures, but only 30 miles in freezing conditions."

Enthusiasts say that studies questioning environmental benefits assume a lower efficiency than they should for electric cars. "Old gas-burning cars normally see a dramatic increase in emissions as they get older," says William Sessa, a spokesman for the California Air Resources Board. "Electric cars don't see this deterioration. After 100,000 miles of driving, they are pretty much the same as brand new in terms of emissions."

Some environmentalists believe electric vehicle efficiency is over-estimated. "Getting the energy from the power source to storage, from the storage to the car, is extremely inefficient," says Burrington.

Environmental improvements may largely depend on how strictly emissions from electricity sources are controlled. California's rigid pollution standards mean that it would reap more benefits than other states. In the long run, moreover, it may be easier to limit pollution from the electric plants than from individual cars.

Emissions, however, are only part of the overall impact, say environmentalists. "Even if the sources are cleaner, if electric use increases, it can cause ecological problems," says Thomas Caffrey, an engineer with the EPA. "There are other environmental problems involved with sources like hydro-electric and nuclear. Hydro-electric power has been very much criticised lately for what it can do to fish and other water species."

Russell contends, moreover, that the issue cannot be studied on a region-to-region basis. "Cars are marketed widely and cross state boundaries readily, so we need to look at this on a federal level."

Environmentalists also worry that electric cars will encourage Americans to be complacent about their driving habits. "What we need is an overall reduction in car use in this country," says Burrington.

Despite the criticism, electric cars seem poised to represent part of the car market by 1998. Car manufacturers say they can meet the state-imposed deadlines, although battery technology cannot yet offer the vehicles at competitive prices.

The air-quality boards for California and the north-eastern states say they will forge ahead with plans to encourage electric car use. "With the smog problems we face in California, we have no choice," says Sessa. "We have to look at alternatives like electric vehicles. They may not be perfect, but they're certainly an improvement over what we have."

ARTS

Television/**Christopher Dunkley**

The case for controversial views

The British, it is said, are masters of compromise. Look at their parliamentary system: they set up one lot of people to run the government and another lot to oppose them. The legal system provides for adversaries, insisting that the state not only prosecute the accused but argue his defence with equal rigour. Underlying such systems is the belief that, where matters of ethics and fine judgment are concerned, you may come close to the truth by listening to different opinions.

There is a similar value in the diversity of opinion within journalism. Yet whereas we are fairly comfortable with the notion of all sorts of extreme attitudes in print, there is still widespread anxiety when such attitudes are expressed on television. Journalists whose work causes little more than minor controversy in print – John Pilger, say, or Auberon Waugh – can cause an outcry when they offer the same thoughts on television.

Assertions that the carpet bombing of German cities in the second world war was a pretty nasty and not very cost effective policy, that Bomber Harris was aggressive and not the most compassionate of men, or that victory in the Pacific might have been achieved by showing evidence of the power of the A-bomb to the Japanese rather than dropping it on Hiroshima and Nagasaki, are not new. They have appeared frequently in print without causing untoward outrage. Repeat them on television, however, and a lot of people get very upset.

Perhaps this is partly because more people watch television than read serious journalism, but I suspect it is also because television is not seen as a medium of opinion in the same way as print. A viewer may not himself be persuaded by the programme that Harris was a brutal, uncaring man, yet may worry because he believes others will be swayed by television; by the perception that this is historical fact rather than nuance or even eccentric theorising of the sort you find so often in print.

Such was the hostility to Channel 4's screening of a programme about Bomber Command in the Canadian series *The Valour And The Horror* that *Right To Reply* was recalled from its summer recess to mount a special edition devoted exclusively to the topic. Defenders of Bomber Command made a number of telling points (all your research is thrown into question if you claim a man's nickname was "Butcher" when it was actually "Butch") but in the end *Right To Reply's* greatest success was in revealing the virtue on both sides. The older men, with memories of so many dead comrades, were surely right to be furious at seeing their own side pilloried when they had done what had to be done – in the heat of war – to overcome the vileness of Nazism. The younger men were surely right to question the ethics of fighting vileness if it involves becoming vile.

Hoping that the veterans will welcome critical reinterpretations of the war, on the grounds that it was precisely this sort of freedom they were supposed to have fought for, is a bit much perhaps. However, there is no great virtue in championing "free speech" if that merely means the freedom to say things with which you agree. If it is not to be an empty boast, then free speech must mean the right of someone such as Kenneth Griffith to present a programme such as *Hang Up Your Brightest Colours*, his celebration of the life of IRA leader Michael Collins which waited 21 years for a network screening. BBC2 showed it on Saturday as part of their "25 Bloody Years" series on the Irish troubles. In 1973 Lew Grade, then head of ATV, suppressed the programme because he felt it sympathised too openly with Irish republicanism.

But this programme, surely, is the equivalent of the argument from the opposition, the case for the defence, the component which the formal system of adversary attitudes insists we should understand so that we can come to a proper appreciation of the broader picture. Yet the powers that be – whether Grade or the BBC governors who so cravenly suppressed *Real Lives: At The Edge Of The Union*, or the government – repeatedly insult our intelligence by imposing bans on programme material which they think will bamboozle us even though it fails to sway them. (Had Griffith's film converted Grade he would presumably have wanted to screen it.) It is perfectly possible to admire Griffith's extraordinary talent, even to share some of his admiration for Collins, and yet to go on loathing and despising the methods of the IRA.

The awful thing is that, whatever the subject, television does so pitifully little in this business of portraying all sides. Richard Dawkins had half an hour on Channel 4 on Monday in *The Vision Thing* to explain not just why he is not religious but why he believes religion is an undesirable phenomenon. Given the scarcity of religious belief among most of the broadcasting people I have ever met, it is odd that such programmes should be astoundingly unusual compared with the countless series packed with stained glass, choirboys and hymns.

Heretic on BBC2, about men who have been ostracised by the scientific community because of their unfashionable ideas, has made a nice change from the usual two schools of science on television, "Gee whiz!" and "Oh dear". But series such as *Heretic* are rare indeed.

Television news programmes offer a sequence of remarkably similar versions of events. The topics covered in the Daily Telegraph and The Guardian are also similar, but the perception of the world communicated to the reader differs greatly because of the different ways in which items are approached and the different weight given to constituents. Swap round the presenters in the television news programmes and most viewers would not be able to tell the difference between the programmes.

Possibly the most depressing is television's arts coverage. Apart from occasional items in Channel 4's *Without Walls* practically all the material in this area is coated uniformly in the varnish of 1960s modernism. Seen in newspaper terms, virtually all television arts programmes take a Guardian/Observer approach. There may be occasional panellists from The Modern Review or The Spectator but the programmes are still made under Guardian/Observer assumptions. Moreover, the new technologies – satellite, cable, cassette, whatever – show few signs of increasing the array in such matters as the arts and history, even if we do now have Sky News. What television needs is not fewer but more passionate extremists – from all extremes.

Brecon Jazz Festival/**Garry Booth**

Beer, bonhomie and bebop

At 8:30 on Friday evening, at the same time as I was pressing between the ranks of Krukke, the Dutch marching band, to gain assess to the *Guildhall and the Human* Chain within, octogenarian altoist Benny Carter was preparing to join Saxomania in the Market Hall. Meanwhile, swinging bassist Ray Brown was already warming up a trio in Christ College. Across town, the open air bandstands emanated a mixture of trad, mainstream and the smell of myriad griddles. Two hours old and Brecon Jazz was already cooking. In prospect was a feast of attractions including Slide Hampton, George Shearing and Jon Faddis as well as a packed "stroller" programme with gems like tenorist Andy Hamilton or clarinettist Kenny Daverne teamed with trumpeter Warren Vache.

The cleverly contrived anarchy of Django Bates' small band set the tone well for the fringe aspect of the best little festival in the UK. Bates himself alternated crazily between *peck horn and trashy sounding* electric keyboard, his quartet's eccentric sound describing a tableau of circus and music hall quirkiness. Frenetic songs with titles like "Food For Plankton" and "Dancing on Frith St" were tossed between saxophonist Iain Bellamy and the leader making a delicious musical nonsense from the *clouds of notes and manic* rhythmic complexity.

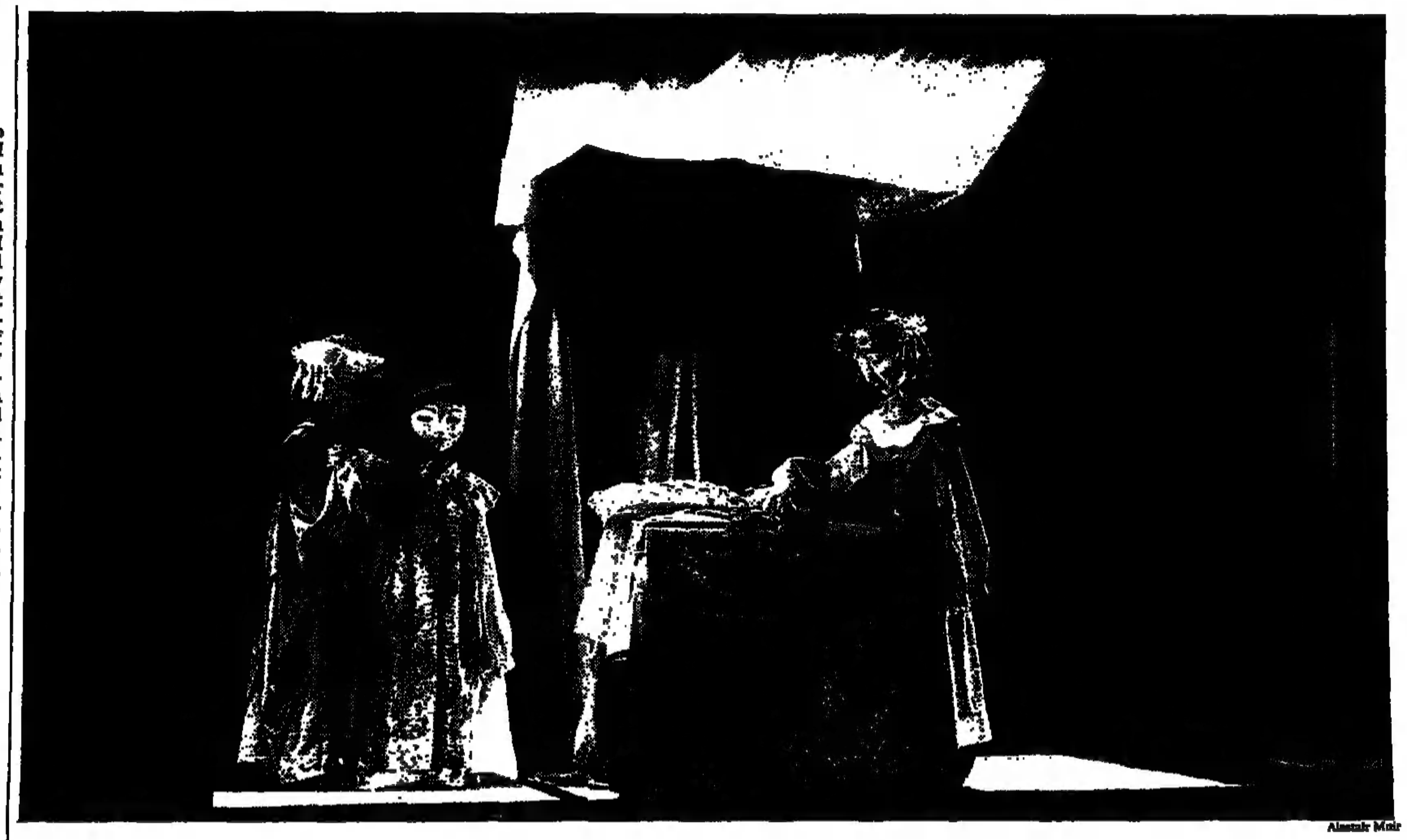
On Saturday afternoon the same space was filled with the exhilarating sound and spectacle of the Trevor Watts Moire Music Drum Orchestra. Consisting of a battery of Ghanaian traditional drums, a supercharged but otherwise straight kit, a bubbling fretless bass and an unstoppable soprano sax, the orchestra was an overflowing cauldron of colourful energy.

For two blissful hours waves of percussive patterns flowed from *congas and djembe*, carried on rolling basslines. Weaving a continuous line of improvisation throughout, Watts remained seated and serene behind white beard and granny specs. The counterpoint of *mbira* thumb pianos and crisscrossing of flute with soprano sax in Ghanaian folk tunes was exquisite and the booming version of Rocky Road to Dublin, quite extraordinary.

A couple of hours' interval to munch a taco accompanied by the flamenco washed guitar of Eduardo Niebla at the Museum Car Park bandstand was all that was needed to make the geographical leap from West Africa to the US, via Panama. Assembled in the Market Hall was the New York Latin Jazz Allstars led by pianist Danilo Perez. *Directed by Perez and* propelled by Ignacio Berroa (drums) and Larry Grenadier (bass), ace Cuban altoist Paquito D'Rivera, Brazilian trumpeter – *Claudio* Roditi and rising young tenor star David Sanchez picked up where Dizzy Gillespie's UN Big Band left off. Battling with BBC technicians for attention (the view of the music was obscured by three cameramen and a constantly swinging 25ft jib which some of the audience found hard to take), the Allstars won through, but only just, with spreading rhythms and radiant solos from the leaders.

Guitarist Jim Hall, appearing in the tranquil setting of the Christ College theatre, had no such interference. So distilled is the guitarist's technique and so pure the semi-acoustic sound that on such a day – long and full of hot jazz – he might have trod the wrong side of the thin line between elevation and enervation. But, first in duet with protégé Peter Bernstein and then unobtrusively backed by Allan Ganley *(drums) and Dave Green (bass)*, Hall applied his understated and intimate technique to a series of shimmering pieces from Lunceford to Gilberto and finally his old boss Rollins.

Outside, in the sunshine, Brecon continued to boil over with beer, bonhomie and bebop. Roll on next August.



Alastair Muir

Slender substance swamped by style: the puppet prologue epitomises the exquisite portentousness of Robert Lepage's production

Edinburgh Festival/**Martin Hoyle**

The Seven Streams of the River Ota

Nietzsche famously compared Wagner's music with the heartbeat of a slug. The comparison occurs throughout Robert Lepage's production of *The Seven Streams of the River Ota* in its world premiere production at *Edinburgh's* Meadowbank Sports Centre. Teething troubles in rehearsal and changes up to the last minute suggest that tightening and sharpening are still possibilities. Certainly this ambitious triptych represents slender substance monumentally swamped by style. Slowness is less a matter of pace than focus *and rhythm, both of which are as yet* lacking.

Though the piece's conception is attributed to the largely French-Canadian company, Lepage is both director and designer, so must take responsibility for the priorities (visual over narrative) that deaden the theatrical impact. This is all the more tantalising when *one remembers his production of the* the opera double-bill, *Erwartung* and *Bluebeard's Castle*, that was rightly the hit of last year's Edinburgh Festival. But then a musical score imposes its own time limits and emotional climaxes.

Seven Streams opens with young Pierre arriving in Hiroshima to study calligraphy. He finds lodgings with the laconic Jana, misses his girl-friend, meets Jana's operatic soprano acquaintance (and possibly lover), and tumbles to the fact that Walter from the Canadian consulate is a philandering lecher. The dialogue is less spare than stilted, thanks to the cast's variable command *of English; and the puppet prologue* that recounts the accidental discovery of gunpowder by herbalists seeking an aphrodisiac for an aged emperor strikes the production's keynote of exquisite portentousness.

The central act focuses on Jana: Czech, Jewish, at the age of 11 she is in Theresienstadt – Terezin, that transit *camp that the Nazis made a showcase* for writers, artists and performers for the benefit of the Red Cross and the world's newsreels. She befriends an opera singer who hangs herself after heavily hinting at parallels with *Madam Butterfly*. Escaping the death camps, the adult Jana finds herself in *Bohemian squalor in a brave new trans*atlantic world. After dabbling in pornography and drugs she meets, by an amazing coincidence, the daughter of the dead opera-singer, herself a soprano.

The play's third section returns to the present. The attempt to *tie up loose ends overlooks the* fact that the ends themselves are not attached to anything. The sudden switch to backstage bitchiness *(Pierre's actress girlfriend arrives on tour) and French bedroom farce (cou*pling on the rebound) leaves us cold since nothing in the previous three and a half hours has made us like or believe *in these lifelessly manipulated pawns.*

Attempts to add depth and resonance – the present-day action is set in Hiroshima, "city of catastrophe and survival"; the visiting theatre company performs a great chunk of Mishima's *Madame de Sade* – further clog the work's texture; and Lepage's preoccupation with *cultural cross-fertilisation dif*fuses rather than concentrates. There remains the visual element: Japanese sliding walls, film projections, layered mirrors that send their images into infinity – none notably remedying the lack of urgency and tenuous dramatic thread.

The programme lists the company *without allocating roles. Interesting to* see Rebecca Blankenship, the soprano from last year's *Erwartung*, bring a *Jerry Hall elegance to both singers,* squally *in Dvorak and propulsive in Puccini. The younger Jana (Marie Bras*sard) is touching, the older one stalks dumpily around in dark glasses like Bette Davis OD-ing on carbo-hydrates. *Sponsorship by Beck's suggests conso*lation in the two intervals.

The Glory of Gershwin

When Larry Adler used to hang out with George Gershwin, the two men were summoned by the vampish French actress Simone Simon to have dinner with her. Both besotted, they failed to understand how their glamorous companion could be so cruel as to make them compete in front of her – until her ulterior motive became clear: "She just wanted to hear us play together."

Adler, opening a week of *concerts celebrating his old friend's music*, declined to reveal the extent of his disappointment, but Simon surely got the best deal. There is a strong symbiosis between Gershwin's luscious melodies and the warm, expressive playing of Adler, celebrating his 80th birthday with a truly unlikely excursion into the pop charts with his "The Glory of Gershwin".

What most of the artists on that compilation found, however, is that the effortless sweep of the music is not as easily achieved as it sounds; very few singers can handle the delicate and always-humorous phrasing demanded by "S'wonderful" or *"Fascinating Rhythm"* while also coping with the much more intense requirements of *Porgy and Bess*. At the Jazz Café, Issy van Randwyck showed complete control of the former art, while her partner Clive Rowe excelled at the latter, particularly in a powerful "There's a Boat Dat's Leavin' Soon for New York". When the two got together, as in a joyful "I Got Rhythm", there was enough energy and theatre to put aside reservations over technique.

Adler himself beamed, cajoled and basked his way through the highly enjoyable evening. He saved himself for a rousing *Rhapsody in Blue*, in which his duet with a "ghost" of Gershwin at the piano was genuinely affecting. No wonder so many of those dinner dates ended up *à trois*.

Peter Aspden

Larry Adler: "The Glory of Gershwin" at *the Jazz Café* until August 20.

INTERNATIONAL

ARTS GUIDE

FESTIVALS

■ BAYREUTH

This year's new *Ring production* - the third and final cycle of which begins next Mon - is abstract, colourful and apolitical, and dominated by the designs of Rosalie. The stage director is Alfred Kircher and the conductor James Levine. The cast is headed by John Tomlinson, Deborah Polaski, Wolfgang Schmidt, *Tina Kiberg*, Poul Elming, Ekkehard Wlaschiha and Eric Halfvarson. Giuseppe Sinopoli is the new Parsifal conductor, with a cast headed by Elming, Hans Sotin, Bernd Weikl and Uta Priew. Last year's production of Tristan und Isolde, conducted by Daniel Barenboim and staged by Heiner Müller, is revived *with the same two* singers in the name-parts - Siegfried Jerusalem and Waltraud Meier. The other revival is Dieter Dorn's 1990 production of Der fliegende Holländer (0921-20221)

■ BESANCON

Besançon is best known in the musical world for its conductors' competition, but in view of the scarcity of good young conductors, the organisers have made the sensible decision to make it a biennial event. The city's annual music festival, however, has developed its own momentum, reflected in the high calibre of artists this year (Sep 2-16). The opening concert is given by the Pittsburgh Symphony Orchestra under Lorin Maazel. Other visiting ensembles include the Dresden Staatskapelle with Colin Davis, Il Giardino *Armonico in a baroque programme*, and the Hungarian National Philharmonic Orchestra. The recitalists include Matt Haimovitz, Michel Dalberto and the Alban Berg Quartet (8181 8226).

■ BREGENZ

The opera festival at the Austrian corner of Lake Constance has won an enviable reputation for artistic boldness, while preserving its appeal for tourist audiences. There is still a chance to catch David Pountney's spectacular production of Nabucco on the floating stage before the *festival ends on* Aug 26 (05574-4920 224)

■ INNSBRUCK

The Innsbruck baroque and early music festival runs till Aug 27. There are two opera productions at the *Landestheater*: Telemann's Orpheus conducted by René Jacobs, with a cast headed by Janet Williams, Carola Höhn and Jörg Hering; and Biber's Arminio, with a cast headed by Gregory Reinhart and Lorna Anderson. The concert programme, given in historic buildings in Innsbruck and the surrounding region, features the Tallis Scholars and the Freiburg Baroque Orchestra (0512-571032)

■ LINZ

The annual Bruckner festival in this Austrian town (Sep 11-Oct 2) opens with Riccardo Muti conducting the Vienna Philharmonic in Bruckner's *Seventh Symphony. Giuseppe* Sinopoli conducts the Philharmonia Orchestra in two concerts, and Semyon Bychkov conducts the Orchestre de Paris in Bruckner's Ninth. Marek Janowski conducts a concert performance of Wagner's Lohengrin, with a cast headed by Peter Seiffert and Eva Johansson. *Other visitors include the Hagen* Quartet, Christian Zacharias, Simon Estes and Mauricio Kagel. The final two concerts are given by the London Philharmonic under Franz Welser-Möst (Brucknerhaus-Kasse, Untere Donaulände 7, A-4010 Linz. Tel 0732-775230)

■ SALZBURG

● This year's flagship opera production is Don Giovanni, staged by Patrice Chéreau and conducted by Daniel Barenboim, with a cast headed by Ferruccio Furlanetto, Bryn Terfel, Catherine Malfitano and Cecilia Bartoli. There are also two Mozart productions by Karl-Ernst and Ursel Herrmann - Ombra Felice (a collection of arias, scenas and ensembles conducted by Heinz Holliger) and La clemenza di Tito with Chris Merritt and Ann Murray. The opera programme otherwise has a Russian emphasis: the highlight of the coming week is a Stravinsky staging produced by Peter Sellars, conducted by Kent Nagano and designed by an avant-garde team of German architects. It pairs Oedipus Rex and the Symphony of Psalms - with a cast headed by Thomas Moser, Agnes Baltsa and Matti Salminen (first night Aug 22). The Claudio Abbado/Herbert Wernicke production of Boris Godunov, first *seen at the Easter Festival*, is revived with Samuel Ramey in the title role.

● The remaining orchestral concerts are given by the Vienna Philharmonic conducted by Solti and Boulez, the Cleveland Orchestra with Dohnanyi, the Saito Kinen Orchestra with Ozawa, the Berlin Philharmonic *with Abbado and the Pittsburgh* Symphony with Maazel.

● The recital programme includes Anne Sophie Mutter (Aug 21), Bryn Terfel (Aug 22) and Maurizio Pollini (Aug 23).

● Deborah Warner's production of Shakespeare's Coriolanus can be seen at the Felsenreitschule, with *Bruno Ganz in the title role. An* exhibition devoted to Beuys, Baselitz and other modern German artists can be seen at the Neue Residenz and two other venues. The festival ends on Aug 31 (tel 0662-844501 fax 0662-846682)

■ SAN SEBASTIAN

This year's highlight is Carmen starring Denyce Graves (final performances tonight and Fri). The concert line-up includes opera arias sung by Ruggero Raimondi (Aug 25), two programmes with the Royal Liverpool Philharmonic Orchestra under Alexander Lazarev (Aug 27, 28), a piano recital by Christian Zacharias (Aug 29), Beethoven and Mozart conducted by John Eliot Gardiner (Aug 30, 31), and an impressive series of church concerts (Quincena Musical, Teatro Victoria Eugenia, Reina Regenta s/n, 20003 San Sebastian, Spain. Tel 043-481238 Fax 043-430702)

■ SANTANDER

The programme includes the Ukrainian National Ballet (Aug 22, 23), Anne Sophie Mutter (Aug 25), the Dresden Philharmonic Orchestra with Rostropovich and Temirkanov (Aug 28) and the Maggio Musicale *Orchestra from Florence with Zubin* Mehta (Aug 29). The festival ends on Aug 31 (Festival Internacional de Santander, C/Gamazo s/n, 39004 Santander, Spain. Tel 042-314819 Fax 042-314767)

■ SCHLESWIG HOLSTEIN

Like a musical mosaic, the festival spreads out from Hamburg, Lübeck and Kiel to some of the most attractive towns in north Germany, in venues with a more local atmosphere than most international festivals. Beaux Arts Trio gives a recital tonight in Bordesholm. Midori gives a violin recital tomorrow in Wotersen. Lorin Maazel conducts the Pittsburgh Symphony Orchestra in Flensburg on Sat. The festival ends in Kiel on Sat and Sun, when Günter Wand conducts the North German Radio Symphony Orchestra in a Beethoven symphony programme (0431-567080)

■ WEXFORD

This year's festival runs from October 20 to November 6. The three operas chosen by Elaine Padmore for her final year as artistic director are Anton Rubinstein's The Demon, Ruggero Leoncavallo's La boheme and Wagner's Das Liebesverbot. The Rubinstein work will be conducted by Alexander *Anissimov and staged by Yefim* Maizel, and the cast will be headed by Anatoly Lochak and Alison Browner. The Leoncavallo will be conducted by Albert Rosen and staged by Reto Nickler, with a cast headed by Jungwon Park, Magali Damonte and Jean-Pierre Furlan. The Wagner will be conducted by *Yves Abel and staged by Dieter* Kaegi, with Robert Holzer as Friedrich. There will also be a symphony concert by the National Symphony Orchestra of Ireland, recitals by the Moscow Piano Trio, the Alexander Quartet and Alison Browner, and a performance of Brahms' German Requiem. The festival is renowned for its exquisite small theatre, its elegantly economical productions and the welcome which the Irish coastal town of Wexford gives to its festival visitors. Booking from Wexford Festival box office, Theatre Royal, High Street, Wexford, Republic of Ireland (053-22144)

ARTS GUIDE

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Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Ian Davidson

Ballot box blarney

An 'either-or' choice will not solve the conflict in N Ireland

If one thing is now clear about the conflict in Northern Ireland, it is that the Irish nationalists are deeply divided over how to respond to last December's peace proposals, put forward by the British and Irish governments in their joint Downing Street declaration. Formally, Sinn Féin, the republican political movement, last month appeared to reject the Anglo-Irish overture, and terrorist attacks have continued. But all recent statements by Mr Gerry Adams, president of Sinn Féin, have suggested that he personally is more in favour of peace than war, and has recommended a ceasefire by the IRA.

According to a recent editorial in the Irish Times, "a great body of informed opinion now agrees that the provisional IRA will shortly call another ceasefire in the North". But the paper concluded gloomily that any ceasefire would be unlikely to last, since the IRA was still hoping for peace on its terms; in other words it was still hoping for total victory. There was little evidence so far that the IRA would settle for peace on the terms offered, which was a peace of compromise and consent, without winners and without losers.

The difficulty for the terrorists – and the problem is the same for the IRA as for its extremist counterparts in the Protestant community – is that the Anglo-Irish declaration is deliberately couched in terms designed to shut out a victory by either side. It speaks sympathetically of the principle of self-determination, but makes clear that this principle will be enacted only through a process of democratic consent. If the nationalists and the Catholics in the province want Northern Ireland to become part of a united Ireland, they must persuade the Protestants and the rest of the population in Northern Ireland of their case, and get it accepted through the ballot box.

The problem with the declaration is that the terms as stated are either wholly disingenuous or deliberately deceptive. In it, the British government says that it has "no selfish strategic or economic interest in Northern Ireland", and will uphold "the democratic wish of a greater number of people of Northern Ireland on the issue of whether they prefer to support the Union or a sovereign united Ireland".

On the face of it, such a position is democratic, statesmanlike, unexceptionable. In fact, it appears to bear little relation to a province which is the product of an Anglo-Irish conflict at least 400 years old, and which has been racked by terrorism from both sides for a quarter of a century.

For the moment, the Protestants are in a clear majority, and it is obvious that, if a plebiscite were held now on the future of the province, it would go in favour of continued membership of the United Kingdom. But the Protestants' share of the population is declining relative to the Catholics', and this causes them profound anxiety; if a similar plebiscite were held in a few decades, it might go in favour of a united Ireland.

The thing missing from the province is acceptance of the will of the majority

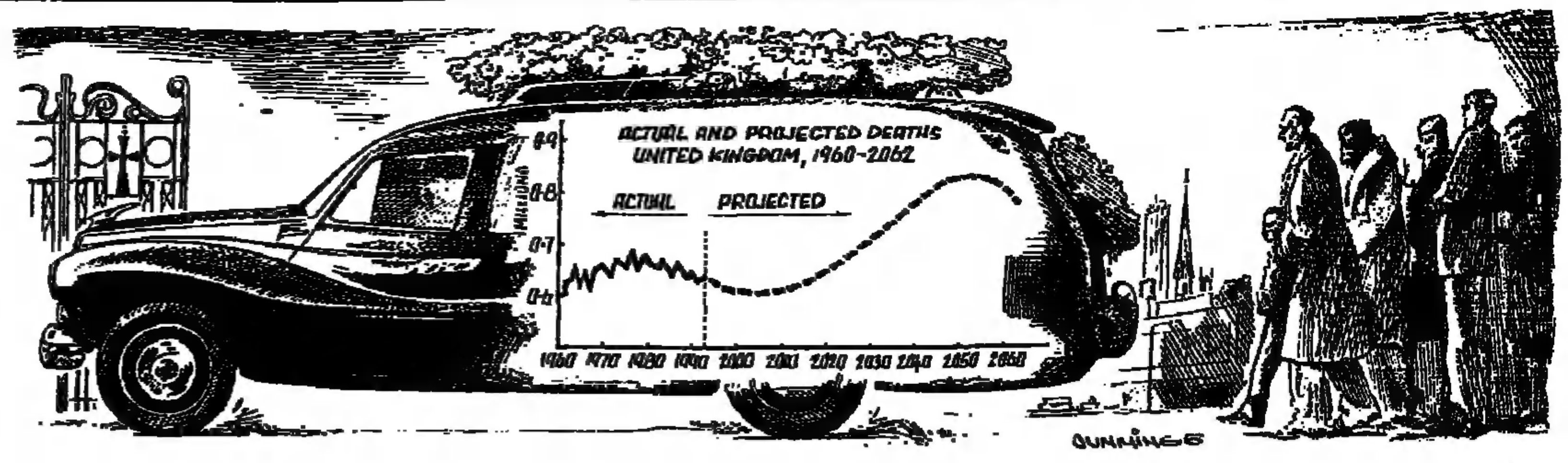
But these two innocent and contrasting scenarios bear no relationship to the reality that Northern Ireland has lived through for the past 25 years. The idea that there can be a simple "either-or" choice for the future of the province, which could be settled peacefully and definitively by a majority vote, is a fairy tale. The reason for IRA terrorism is that a tiny minority of the minority community does not accept the will of the majority or the legitimacy of the present constitutional position, and is prepared to kill and maim to overthrow it. But a tiny minority of the majority community is also prepared to kill and maim to uphold the present constitutional arrangement.

In other words, the one thing missing from Northern Ireland is the principle of democratic consent, which means acceptance of the will of the majority. And since the province is nearly equally divided between two opposing communities, any question which pits them against each other will have the smallest chance of gaining general democratic consent. So if the question which is supposed to be addressed by the Anglo-Irish declaration is the either-or choice between the United Kingdom and a united Ireland, we can be fairly sure that there is no chance of a peaceful decision through the ballot box.

Some people maintain that the British government's apparent indifference to the constitutional destiny of Northern Ireland, provided it is settled democratically, could have the perverse effect of provoking terrorism. For if the UK government really does not care whether Northern Ireland stays or goes, maybe the terrorists have more leverage. I am not sure I go this far. But it is nevertheless rather extraordinary that one of the oldest nation states in Europe should profess disinterest in hanging on to one of its provinces.

It is, by contrast, inconceivable that any French government should disclaim any "selfish strategic or economic interest" in Alsace-Lorraine; and just as inconceivable that any Spanish government should shrug off the destiny of Catalonia or the Basque country. On the contrary, they would rule out, as a matter of principle, any amputation of their territory as an outrage to national sovereignty.

Some who think the declaration dangerously provocative would argue that the British government ought to rule out, *for ever*, any change in the formal constitutional attachment of Northern Ireland. Again, I would not go that far. But since it is almost inconceivable that there could be a peaceful constitutional settlement through a simple majority vote, it seems reckless to indulge in loose talk about "self-determination" and "consent", when the first is inapplicable and the second is unavailable.



Loved ones to exit the American way

US funeral operators are targeting the UK for growth opportunities, Simon Davies

The US company which laid to rest Elvis Presley, President J F Kennedy and Howard Hughes could soon be transforming Britain's sombre, dark-curtained parlours into brighter, breezier, money-spinning outlets.

The UK funeral industry may not seem an obvious site for takeover battles: the death rate is falling steadily, and the depth of the recession has forced the conservative British funeral purveyor to offer competitive services.

But this gloomy picture of the UK sector – has not deterred the two largest funeral operators in North America from fighting for the UK's third-largest funeral business, Great Southern Group. Last week, the victor, Service Corporation International (SCI) also bought 3 per cent of the second-largest UK funeral company, Plantsbrook.

Clearly the US operators see potential value in the businesses, which inevitably spells change for the traditionally low-profile world of British undertaking.

"I think the UK funeral business will change, because we will be there," says Mr Robert Waltrip, SCI's chairman who transformed the company from a single family funeral parlour into the world's largest burier with 873 funeral homes.

SCI's aggressive strategy of acquiring some 700 US competitors over a period of 30 years and applying economies of scale, has, in spite of declining numbers of US customers, provided strong profits growth. Between 1989 and 1993, SCI's net profit doubled to $103m.

Mr Waltrip argues: "Different nations have different religions, customs and languages, but most civilised nations bury the dead with some kind of ceremony. There is a place for a company like SCI worldwide." He claims SCI's experiences in the US, where it handles burials for a diverse ethnic population from the Hispanic to the Jewish communities, equips it to spread its services overseas.

But will he be able to translate the practices which Nancy Mitford satirised so mercilessly in The American Way of Death into the less showy and extravagant UK Way of Death? What may look to an outsider like an industry which has lain moribund for centuries, has, in fact, been undergoing something of a life-giving revolution over the past 10 years.

Until the 1980s, the UK funeral business was seen as a profession rather than a business, a family concern passed down from father to son. But during that decade a handful of operators became aware of the potential for economies of scale in the industry. A funeral home has to carry large fixed costs such as hearses, embalming facilities and attendants. All of them are only periodically busy.

UK companies recognised that they could reap enormous benefits from building up so-called 'clusters' – central facilities for hearses and attendants – to service a large group of funeral homes. At the same time, given the goodwill attached to small family businesses, their names and shop frontages could be retained.

Soon, the frock-coats gave way to the pinstripes as businessmen such as Mr Howard Hodgson and Mr Michael Kenyon, two of the foremost UK funeral operators, pursued aggressive strategies to shake up the ranks of Britain's independent funeral concerns. Hodgson Holdings, a Liverpool-based listed company, bought several hundred independent funeral homes between mid-1986 and mid-1989, spending close to £40m on acquisitions.

Mr Hodgson's buying spree was typical of the transformation taking place in the industry. As a result of the upheaval, almost 40 per cent of the UK's funeral business is today owned by three operators: Great Southern (5 per cent), Plantsbrook (9 per cent), and the Co-operative movement (25 per cent).

By comparison, the three big players in the US, which also include Loewen Group and Stewart Enterprises, share 16 per cent of the far larger American market; and the share is rising. SCI spent $175m on US acquisitions in the first half of this year alone, and now controls 9 per cent of the market.

SCI and other US funeral companies benefit from a US regulatory regime which creates barriers to entry to any potential competitor, including foreign operators, by laying down tough licensing requirements.

In the UK, by contrast, there are no barriers to entry in what is a 'people business': overseas corporate raiders face the threat of top employees from target companies setting up rival businesses overnight.

But this has not deterred SCI, which wants to take an ever-bigger slice of the UK trade through its new UK arm, Great Southern.

"If I was in the private sector, I would be delighted at this [move by SCI]," said Mr Hodgson. "Independent operators will either win funerals by saying to customers, 'Do you want your mother to be buried by a Texas cowboy?' or they will be offered more money [by US rivals] for their companies."

During the 1980s, Hodgson Holdings' aggressive takeover actions substantially drove up the prices of funeral homes. Mr Hodgson argues that SCI could be forced to pay similarly inflated prices for small, independent funeral homes as it builds up its UK presence.

American funeral operators justify the high prices paid for UK rivals by pointing out that they will achieve greater operating efficiencies. SCI, for instance, says its principle of 'clusters' could easily be applied to inefficient UK family-run funeral operators.

Besides exaggerated prices for parlours, operators face the broader problem of a falling UK death rate. For the past two decades the rate has fluctuated at 650,000 deaths a year, but is expected to continue it recent decline, falling by 3,000 to 626,000 in the year to June 1995.

The Government Actuary, which projects births and deaths, is forecasting further declines to about 600,000 in 2010 when the deaths of the first of the so-called 'baby boomers' should provide a turnaround in the trend. By 2052, the death rate is forecast to peak at about 829,000 a year. For those in the funeral business, it is a long wait.

But operators can use the intervening years to convince traditionally conservative British consumers to change their habits. First, they could persuade customers to choose more expensive caskets, rather than the plain coffins which, even at the top of the range, cost about £800. Americans routinely pay about $4,000 for a normal burial. In addition, 70 per cent of the UK population chooses cremation over burial – which is even cheaper.

UK operators remain sceptical about SCI's hopes of narrowing the gap in spending between the two countries. But the US group points to its experiences in Australia, where it invested US$103m in the acquisition of Pine Grove Funeral Group in July 1993. Since then it has maintained prices for merchandise while doubling the range of coffins. The result has been a 40 per cent increase at some homes in the average spend per funeral in the past year.

"We will never attempt to Americanise any country's customs," says Mr Waltrip. "We will just apply the same business concepts as we use in America such as 'clustering'. We would be crazy to change several hundred years of custom."

He would, however, like to sell more $95,000 caskets – like the one in which Elvis was buried.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Drivers are not diverted by motorway tolls

From D B Harley.

Sir, One despairs of the intelligence of members of the "Tory-dominated" Commons transport committee ("Tories attack motorway toll plans", August 13) if they delude themselves that 20 to 30 per cent of motorists in the UK would divert from motorways if tolls were charged.

Motorway charges have been in force in France, Spain, Italy and other countries since the inception. In Germany, where charges are likely to be introduced soon, the idea of motorists shunning the autobahns is held to be absurd.

If this committee wants some hard evidence, let it look at Switzerland where charges were introduced in the 1980s after years of toll-free use. A simple windscreen sticker costing SFr30 (£15) annually and available at all garages and post offices does the trick, with an on-the-spot fine as deterrent if you are caught using the motorways without one. No Swiss driver in his or her right mind diverts to "local roads", and I am sure the British motorist is equally capable of calculating cost versus convenience.

Such a system in the UK would yield ample funds for whatever purpose. As for the committee's rather inane suggestion of "increasing fuel" duties instead, the extra tax would merely disappear in the Treasury maw and add yet another turn of the screw to the government's unpopularity.

D B Harley,
Sagenstrasse 35,
6318 Walchwil,
Switzerland

Avonmouth's smelting credit

From Mr Roger Lee.

Sir, In your item on the abandonment of the Pacific Zinc project at Hachinohe, Japan ("Japan zinc project is abandoned", August 10) it was stated that the imperial smelting process was developed in Australia. In fact the process was developed by our then parent company, Imperial Smelting Corporation, at Avonmouth, UK, and is now in use in 11 countries including Australia. It is used in Japan at the existing zinc smelter at Hachinohe and by Sumitomo Metal Mining at its Harima smelter.

Roger Lee,
Imperial Smelting Processes,
Bristol BS99 7YR

Flaws inherent in R&D scoreboard

From Dr Alan Smith.

I was pleased to see Dennis Henry's letter ("Added value should be real value for R&D", August 1) regarding his concerns about the recent publication of the "UK R&D scoreboard". This annual record is produced by Company Reporting in conjunction with the Department of Trade and Industry and takes data from company annual reports.

This is where the first problem arises; not all companies define R&D in the same way, despite the guidelines which are available to accountants (Statement of Standard Accounting Practice).

Second, the amount of R&D spend required by businesses within a particular sector can vary. Some companies rely on impeccable service to generate high profits, whereas others achieve the high profits through well planned R&D.

Third, the tables are misleading in that some companies are much more efficient in how they manage their R&D projects than others. One company spending 5 per cent of turnover on R&D might be producing benefits equal to a more efficient company spending only 1 per cent on R&D. In the present competitive environment it is essential to ensure that there is better project selection and evaluation with continuous monitoring, followed by assessment of the project's achievements.

Dennis Henry is right in looking at the ratio of R&D to added-value rather than to sales. The added-value which the R&D brings to the company is what is really important, but that is not something which can be measured easily and quickly.

If the "UK R&D scoreboard" is going to encourage companies to spend more on R&D, then I fully support that. The best way to generate wealth for the country is by being efficient technology leaders, who can move rapidly into new markets.

Alan Smith,
Tebworth,
Bedfordshire LU7 9QQ

Holding on to the equity futures dream

From Mr Lynton Jones.

Sir, Joel Kibazo's article ("Equity futures trading dreams begin to fade", August 4) compares certain average turnover figures for Liffe with the lack of trades on our exchange during July.

In fact, July was a bad month for both exchanges. Over the six-month life of these contracts, volumes have been very low. Liffe has traded an average of only 3,500 per month while the OMLX exchange (a screen-based securities and derivatives exchange, launched in February in Sweden) average has been 1,500 per month. But in July trading on both our exchange and Liffe began to seriously dry up. We traded no contracts at all, while Liffe traded 788. This downward trend has continued during August.

The plain fact is that the contract is succeeding on neither Liffe nor the OMLX exchange.

The criticisms levelled at the OMLX exchange in the article seriously over-simplify the situation. I would be interested to know how many of the market participants quoted can claim to be satisfied with the way in which the UK equity derivative market is performing today. It is, in fact, one of the poorer performing equity derivative markets in Europe.

Our decision to enter this market was conditioned by the fact that our existing product range forms a highly liquid and very efficient market. For instance, the most heavily traded stock option in London is Astra, traded on our exchange, rather than any UK stock option traded on Liffe.

We felt that we could bring these same efficiencies and liquidity to the under-performing UK equity derivative market.

The fact that we have not yet done so with the FT-SE Mid 250 Index may be due rather less to the factors quoted in Mr Kibazo's article than to the original decision by the London Stock Exchange to grant two licences.

The contract may have stood a better chance of succeeding if only one exchange had traded it from the start. But we, no more than Liffe, could avoid picking up the gauntlet thrown down by the LSE.

The problem we all now face is to find a way of reviving this contract and making it the success it deserves to be.

We intend to pursue this objective, together with Liffe and the LSE, in the weeks to come.

Lynton Jones,
chief executive,
OMLX,
107 Cannon Street,
London,
EC4N 5AD

Bonds to balls and back again

From Mr Adrian Jack.

Sir, First Clement Crisp goes where no ballet critic has gone before. Now your erstwhile chief American commentator, fresh from reporting on the World Cup, becomes baseball correspondent ("Why the players complain it just ain't cricket", August 13). Brittan on badminton, Plender on parachuting are no doubt in galley proofs. Those hapless Italian treasury officials trying to flog 30-year Italian bonds will breathe easier with Barry Riley on white water rafting. Nigel Andrews escaped reviewing *The Flintstones* by a strategically placed holiday. Perhaps Arctic Dog-Sled Racing would be a suitable reward?

That baffling acronym FT-SE is now explained – Financial Times Sporting Enquirer

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The Fed points up

Testifying to Congress last month, Mr Alan Greenspan, the Chairman of the Federal Reserve, claimed that it was "an [illegible] question" whether US [illegible] had increased enough [illegible] inflationary pressures. Yesterday's half-point [illegible] in rates [illegible] it for the time-being.

Timing of such decisions can be debated endlessly. Since interest rate changes have most of their effect a year or two after the event, [illegible] is fruitless. What [illegible] tion and [illegible] change. Mr Greenspan's Federal Reserve likes fine-tuning policy. By those standards, this is [illegible] decisive move, one [illegible] monetary policy [illegible] to his elusive objective [illegible] "neutrality".

The case for such [illegible] move is provided by [illegible]. The aim, one that is close to Mr Greenspan's heart, [illegible] non-inflationary growth. By those standards higher interest rates were evidently justified.

The recovery, now more than four years old, has brought the economy near to full capacity. But employment growth remains quite strong, as does that of the economy. The world economy is now also picking up. Meanwhile, the slope of the yield curve – the gap between short and long-term rates of interest – is still strongly positive. One reason has been the rise in the interest rate on long bonds. While difficult to interpret with confidence, this rise suggests that the credibility of monetary policy remains fragile.

The Federal Reserve is merely doing its job and deserves support when doing so. What it will receive from many politicians instead is condemnation. Such carping should be ignored. They are also just doing their job.

A Korean deal

The outline [illegible] North Korea and the US to defuse the mounting tension over Pyongyang's [illegible] one level a victory for quiet diplomacy. North Korea has agreed to suspend [illegible] provocative graphite reactor programme, which is capable [illegible] producing weapons-grade plutonium, [illegible] allow [illegible] inspection [illegible] nuclear [illegible]. In [illegible] will [illegible] less controversial western water-cooled reactor technology and diplomatic links to the outside world. The threat of a large scale North [illegible] nuclear [illegible] programme, which [illegible] only [illegible] few weeks ago, has thus receded.

On another level, however, the agreement is an attempt by the US to make the best of [illegible] pretty bad job. Washington's options [illegible] Pyongyang to honour the [illegible] Non-Proliferation Treaty were extremely limited. [illegible] military action [illegible] probably unrealistic and certainly would [illegible] unsettled regional allies as well as provoking a sharp response from China and Russia; economic sanctions would have had little impact, given North Korea's near total isolation from [illegible] trade. So instead of sticks, the US has opted for carrots.

Offering incentives – such as funding of the new nuclear plant by its allies – will buy the US some reassurance: the halting of further plutonium reprocessing will stop [illegible] potential bomb-making material, while [illegible] examination of North Korean sites will allow an audit of the plutonium produced so far. [illegible] heart, this [illegible] little more than containment [illegible] the problem. Without deeply intrusive inspections, [illegible] North [illegible] backles, there can [illegible] little certainty that some nuclear material [illegible] not remain hidden.

Washington [illegible] push the [illegible] to the degree required for absolute certainty, lest the agreement reached so far collapse. It may make the pragmatic decision that having found itself in a weak position, the best it can hope for is the near-certainty that the North Korean nuclear capability remains small.

Still, even if pragmatic, this stance does raise some difficult questions. At the minimum, the deal rewards bad behaviour by North Korea. At worst, it shows the US giving in to nuclear blackmail. Other potential nuclear weapons states will doubtless have noted the sort of concessions which can be wrung from the US in return for giving up nuclear programmes. First Ukraine receives a large aid package in return for agreeing to return its nuclear warheads to Russia. Now North Korea [illegible] abandoning a [illegible] programme of unknown effectiveness. Who might [illegible] next?

Moreover, other countries in the region, from South Korea to Japan, will be drawing their own [illegible] from the North [illegible] experience – not least concerning the need to deter such threats in future. In the longer term, the tension in the region remains.

If the value of the agreement is to stop a bad situation getting worse, are there at least lessons which can be drawn to prevent a repetition of the problem? One is that [illegible] Treaty, up for renewal next year, badly needs strengthening. The west should continue to honour the NPT's original offer to make it attractive [illegible] countries [illegible] renounce the bomb. At the same time it should step up efforts to prevent the flow of critical technologies and [illegible] to rogue states tempted by nuclear weapons. Proliferation may be inevitable in the long term, but the NPT still has a valuable role to play in slowing its progress.

Mix 'n' match tax

A rose by any other name might smell as sweet, but taxes need all the re-labelling they can get. Cynics would say that this was the logic behind earmarking taxes, an idea which is gaining favour within both [illegible] the UK's main opposition parties. In fact, propos[illegible] like [illegible] published yesterday by the Liberal [illegible] stem from a [illegible] improve [illegible] sub[illegible] of [illegible] policy-making. Unfortunately, earmarking [illegible] is not the answer.

Yesterday's report suggests a number of areas where "hypothecation" – earmarking a chunk of tax revenues for a particular purpose – could be used to raise public confidence in taxation policies. Although the Liberal Democrats have taken it furthest, the same notion has gained support in the Labour camp. Its proponents claim that hypothecation is not merely a marketing exercise, but aims to raise the transparency and accountability of fiscal policy.

In theory, earmarked [illegible] would heighten the public's [illegible] of the connection between [illegible] and [illegible]. Better informed about the trade-offs [illegible] the two, it [illegible] discuss fiscal policy more honestly, [illegible] officials could be held more accountable for [illegible] those trade-offs are agreed [illegible] implemented. In practice, [illegible] "re-connecting" taxes and services, at a national level [illegible] likely to [illegible] the public or, [illegible] leave the tax system even [illegible] capable [illegible] delivering difficult reforms.

[illegible] its simplest, earmarked [illegible]tion is [illegible] mere re-labelling [illegible]cise, [illegible] in the case of national insurance contributions, which are separable from [illegible] tax in name only. [illegible] reduces transparency, since the public is given a misleading picture of the link between contributions [illegible] benefits. [illegible] more [illegible] way to [illegible]mark revenues would be to ring-fence them, along the lines of the television licence fee. But this might lower accountability since officials would no longer have to defend their expenditures every year.

A deeper drawback is that the earmarked revenues would be prey to the business cycle. As the Liberal Democrat report notes, this severely limits the scope for hypothecation: it would be senseless for unemployment benefits, for example, to be bound by revenue from cyclically variable taxes. The authors also argue that means-tested benefits should not be hypothecated, because there needs to be "a fairly close correlation between those who pay the tax and those who benefit from the expenditure." Broader application of the latter principle threatens two undesirable effects: a greater emphasis on taxes which are easily personalised, such as taxes on employment, and a balkanised [illegible] base, as different interests vie to sell their causes to the public.

Better informed public debates about fiscal policy could help rebuild public trust in politicians, but hypothecation is a quick fix. Declaring that a proportion of income tax is to be replaced by a 'health service tax' may sound attractive, but it is not the same thing as debating the future of the national health service.

Some of the report's ideas could have more positive results: the [illegible] of sending [illegible] yearly tax and spending statement to each UK household, for example, is a good one. But if the opposition parties, particularly Labour, wish to win the next election by addressing people as citizens, not only as consumers, they should avoid proposals that risk making such a presentation of the public budget look uncannily like a shopping list.

Some UK executives receive large pay-offs on leaving companies, says William Lewis, but pressure is mounting for reform

Cut the strings on the parachute

When [illegible] Redman became a non-executive director [illegible] regional [illegible] King this summer, after 17 years as an executive director, he received a pay-off of £165,000. Greene King is [illegible] by Mr Simon Redman – Tim's cousin – and the company states in its annual report that the money was paid after the termination of his employment [illegible].

Mr Simon Redman describes the pay-off as "entirely appropriate". But to some institutional shareholders it is another example of how companies are willing to pay out large sums to former directors.

The issue of executive pay-offs has been brought into the spotlight recently as a succession of directors have received seven-figure sums when they they have left leading UK companies. Both the City of London and the government are becoming increasingly uneasy about "golden parachutes", and are stepping up calls for large pay-offs to be curtailed.

The principal cause of high pay-outs are so-called rolling contracts – employment contracts without a fixed term but with a lengthy notice period, often of up to three years. Directors who have such contracts usually receive large sums in compensation if their employment is terminated at any time.

In recent months, companies which have agreed to large pay-offs to directors on long rolling contracts – for instance, the £2.02m paid to Mr Peter Davis by Anglo-Dutch publisher Reed Elsevier following his resignation as co-chairman – have been put under pressure by campaigns to reform this practice.

One institutional shareholder, PosTel, has been largely responsible for bringing the issue to public attention. Its chief executive, Mr Alastair Ross Goobey, announced recently that he would be using PosTel's £25bn-worth of funds – which control about 1.5 per cent of the shares of each company quoted on the FT-SE All-Share index – to vote against the election and re-[illegible] of [illegible] who have rolling contracts with notice periods of longer than two years.

Mr Ross Goobey wants three-year rolling [illegible] become a [illegible] of the past. Currently the norm for directors of the largest UK quoted companies, they legally entitle a director to a pay-off the equivalent of three times basic salary. In particular he wants to end large payments to directors forced out following poor performance.

He argues that moving "to two-year rolling contracts is the first step in reducing the level of pay-offs". Ideally, Mr Ross Goobey would like to see pay-offs to directors limited to one year's total remuneration. "It is difficult to see any circumstances in which a director should get more than one year's money in a pay-off," he said.

Two months on from the launch of his campaign, [illegible] signs of change. Even though three-year rolling contracts were effectively endorsed by the Cadbury Committee on corporate governance, whose code of practice took effect in July [illegible], evidence suggests that shorter rolling contracts – probably of two [illegible] – or fixed-term contracts could become the rule at leading UK companies.

"A trickle of companies changing [illegible] to a steady flow," Mr Ross Goobey said yesterday.

PosTel's campaign appears to have the backing of Mr Michael Heseltine, trade and industry secretary. Mr Heseltine said recently: "I would personally like to see a much stronger role of share owners acting to ensure these sort of practices [large pay-offs] are constrained."

The size of the problem is clear. A survey of the FT-SE Mid 250 index of the 250 largest quoted companies by Pirc, the UK corporate governance consultancy, found that compensation payments to former directors, disclosed in company accounts published in the year to June 30, totalled more than £19.4m.

This included a £3.1m payment to Mr John Cahill when he resigned in February this year as chairman of British Aerospace, and £2.2m to Chris Greentree, former chief executive of oil company Lasmo, when he stepped down in January 1993.

More recently, Mr John Bellak, former chairman of Severn Trent, was paid more than £512,626 in compensation for early retirement from the board of the privatised water company. The figure comprised £404,829 for "early termination of his service contract" and £107,797 for future pension payments. Mr Bellak also received a salary package of £230,300.

The scope for future pay-offs remains vast. Directors at 44 FT-SE 100 index companies have three-year rolling contracts, including 13 directors of Unilever, the Anglo-Dutch consumer group. Another 43 companies do not have any directors on contracts with rolling contracts longer than two years.

PosTel will vote against the election of directors who have rolling contracts with notice periods of longer than two years

Of the 44 companies with directors on three-year rolling contracts, several have recently paid compensation to former directors. For instance, when Dr Ernest Mario was ousted from his three-year rolling contract at pharmaceuticals group Glaxo in March 1993, he received a pay-off of £2.7m, to be paid over three years. Seven of the company's executive directors are still on three-year rolling contracts, which presents a potential liability to shareholders of about £11m. The figure represents [illegible] times the annual salary of all seven directors. PosTel plans to vote against the re-election of those directors on three-year rolling contracts up for re-election at Glaxo's annual general meeting [illegible].

A small but growing number [illegible] companies [illegible] warning. Four FT-SE 100 companies, including Ladbroke, [illegible] leisure group, have decided to put new directors on two-year rolling contracts, and nine other companies in the index have moved, or are planning to move, all their directors to acceptable [illegible].

The most [illegible] example [illegible] the influence of PosTel and other institutional shareholders is the [illegible] by Guinness, the drinks group, last week that [illegible] of its [illegible] directors [illegible] from three-year rolling contracts [illegible] three-year fixed-term [illegible] to be [illegible] annually.

Guinness said the company's "non-executive committee", which [illegible] executive [illegible], had [illegible] change [illegible] it had "listened to shareholders", including "one [illegible] in particular". Its [illegible] recently published report and [illegible] for the [illegible] ending December 31 1993 showed the company had agreed to pay Mr Crispin Davis, an executive director until his resignation last October, the sum of [illegible]. Such pay-offs should no longer be [illegible].

[illegible] examples of companies which [illegible] pruned [illegible] directors' three-year rolling contracts include British Gas and Argyll, the UK's third-largest food retailer, which announced its move at its annual meeting last month. At British Aerospace the three-year rolling contracts of three executive directors, including chief executive Dick Evans, are set to be cut soon. Textiles group Courtaulds is also considering PosTel's demand to shorten contracts. Mr Sipko Huismans, chief executive, was one of the first directors to have his re-election voted against by PosTel at the company's annual general meeting last month, though his re-election went ahead.

While many UK companies have been swayed by PosTel, some companies and fund managers are critical of Mr Ross Goobey's stance. Some argue the campaign will do little to reduce the size of pay-offs. "PosTel's move is like pushing a balloon in one point which then comes out in another point. Life may not be as simple as PosTel thinks," one fund manager said.

Companies such as Thorn EMI, where four directors including chairman Sir Colin Southgate are on three-year rolling contracts, say they will resist PosTel. Other opponents have tried to sidestep a possible [illegible]. At BAT, for example, whose own Threadneedle [illegible] subsidiary has £30bn under management, six executive directors – five of whom have three-year rolling contracts – have had a clause inserted in their contracts by the company which says that they must search for another job if they are forced off the BAT board. If they do not, their compensation will be affected. Whether the [illegible] is sufficient to ward [illegible] action by PosTel against the direc[illegible] with three-year rolling contracts is unclear.

'There [illegible] general concern on our committee that we do not want to damage relationships with companies'

For a small, but influential, group of fund managers and [illegible] lawyers, PosTel's campaign does not go far enough. They argue that pruning one year off directors' contracts will do little to cut pay-offs, and that Mr [illegible] Goobey should [illegible] on persuading companies to be tougher in compen[illegible] negotiations. "The [illegible] pay-offs should be the issue and not the length of contracts," one director said.

According to [illegible] Melanie Tether, a partner in City law firm Norton [illegible] who specialises in employment law, reducing a director's notice period from three to two years is likely to reduce the average pay-off from twice basic salary to one and a half times. While directors can claim up to three years' pay on a three-year rolling contract, they usually settle for less.

"Moving from three years to two years will not make a big difference [illegible] the size of payments as the third year is the one the company has the strongest case for not paying out," she said, because most former directors should have found a job after two years.

[illegible] Tether [illegible] institutions should try to persuade companies in which they have a significant stake to go through with "one or two test cases" in which they show willing[illegible] to take former directors demanding [illegible] pay-offs [illegible] court. [illegible] threat of [illegible] action could be [illegible] on an [illegible] poor performance, [illegible] instance, or on his or her failure to seek new employment. At the moment, [illegible] than [illegible] per [illegible] pay-off negotiations in which she had been engaged had ended up in court, she [illegible]id.

The view that companies should be tougher in pay-off negotiations is supported by Mr Peter Brown of the Top Pay Research Group, an independent pay consultancy. "[illegible] stance is entirely positive," he said. "But there should be [illegible] of an emphasis on mitigation – [illegible] or two cases will sort it out."

PosTel points out that [illegible] large companies [illegible] to use [illegible] to limit pay-offs, even [illegible] out [illegible] poor performance because it is both costly and time-cosuming. Mr Ross Goobey admits that his campaign is "a bit of [illegible] blunderbuss – but then at least it is doing something about [illegible] issue... We shall monitor the effect of [illegible] general move to two-year contracts before deciding our next move."

For some, the public nature of Mr Ross Goobey's initiative is its most important characteristic, regardl[illegible] of [illegible]. "The PosTel [illegible] represents [illegible] major [illegible] voting in the UK [illegible] the [illegible] major institutional investor [illegible] publicly announced [illegible] voting policy which is specifically intended to change boardroom practice," said Mr Stuart Bell, research director of Pirc.

Mr Ross Goobey's influence in changing boardroom practices will be put to the test next month at a meeting of the investment committee of the Association of British Insurers. On the agenda for discussion is the possible damage that the campaign is doing to the relationship between companies and institutional shareholders.

One committee member said: "We want to try to contain the damage that has been done. There is general concern on our committee that we do not want to damage relationships with companies." He said PosTel's move could lead to companies bucking the trend towards openness which started [illegible] the Cadbury [illegible]ort.

"A crusade in the press is not our style," said a spokesman for Mercury Asset Management, the fund management group. "We believe we can be just as effective by maintaining a healthy dialogue with the [illegible] of the companies in which we invest."

There are, though, some signs of support for PosTel from other institutional shareholders. The National Association of Pension Funds, for instance, has said it is considering modifying its advice to members on contracts ahead of possible modifications to the Cadbury Code in 1995.

And one other leading institutional shareholder said it had also started voting at annual general meetings against the re-election of those directors who sanction large pay-offs. [illegible] spokesman [illegible] "It's simple really – if [illegible] succeeds, they are entitled to lots of money. But if they fail, they should not be made rich. We are striking at the directors who really count."

The big executive pay-offs

Stephen Brown, former chief executive, Tate & Lyle; Chris Greentree, former chief executive, Lasmo; Tom Garvin, former president and chief executive, Keebler (United Biscuits); Peter Davis, former co-chairman, Reed Elsevier; John Cahill, former chairman, British Aerospace; Crispin Davis, former executive director, Guinness

Source: Pirc

OBSERVER

Gummer's just in time

■ UK environment secretary John Gummer clearly rubs along rather better with the European Union's environment commissioner than he does with his opposite number in Norway.

Far from being called unfortunate names, Gummer was last weekend on the receiving end of sumptuous hospitality from John Paleocrassas, the EU commissioner.

Entertaining on his staunchly orthodox native isle of Andros, Paleocrassas first managed to drum up a Catholic priest to celebrate the feast of the Assumption specially for the Gummer family. Then, on a more secular note, the Andriots turned out in force for the annual Yacht Club dance. On [illegible] waterfront, Gummer led the proceedings and was later spotted doing an energetic Greek *nisiotiko* with his hosts. His efforts at the latter earned him the approval of one cigar-chomping tycoon who was heard to mutter something about "a real sense of rhythm". But then, as a Catholic, that's the only method he has any practice at.

Departure rate

■ One by one the contenders who missed out on the editor's job at The Economist are jumping ship. Mike Elliott, the former Washington bureau chief, has long since left to be Newsweek's diplomatic editor and yesterday Matt Ridley, the youngest of the bunch who left last year, picked up his first non-executive directorship at the Northern Rock Building Society.

Now comes news that Jim Rohwer, the mag's executive editor, is quitting after 13 years to join CS First Boston's economics team. The 45-year-old Californian only returned to London this year after three years as Asia correspondent. Now he is heading back to Hong Kong where he will provide the big picture on the region's fast-growing economies.

His arrival at CS First Boston should help raise the average age of the firm's teenage scribblers.

Potty talk

■ It is rare indeed for an Australian teapot to be the centre of a diplomatic [illegible]ent. However, Australia's ex-prime minister Bob Hawke has managed to elevate the case of his disappearing antique tea-pot into something of a *cause célèbre*.

Indeed, future chroniclers of late 20th century Australian politics may well date the breakdown in friendly relations between Bob Hawke and Australia's current prime minister, Paul Keating, to the tea-time dispute in Bob Hawke's sitting room one weekend in the early 1980s.

The spat is culled from Hawke's just published memoirs. Apparently, Keating, well known for his love of antique clocks and cutlery, had left a favourite and carefully wrapped antique tea set with Hawke to look after for [illegible] weekend while he was out of town. Hawke thought the tea set was a gift and used it to serve Keating tea when he returned to collect it.

"Paul, [illegible] apoplexy, grabbed the pieces, went to the kitchen, wrapped them up, took them home and repeated the loving process of polishing and wrapping," is [illegible] version [illegible] happened next. After that, it seems, their relationship was all downhill.

Keating has tried to maintain a [illegible] attitude [illegible] his predecessor's [illegible] published yesterday.

However, he could not avoid taking a side swipe when launching [illegible] university learning programme. "This, of course, is not the only launch today, but I'll bet pounds to peanuts that this one has a longer-term influence on Australia than the other one."

As for Hawke, he insists his book is a balanced history, but has backed down from an earlier undertaking to take a lie detector test to defend it.

'I want the profits from my gall bladder to stay in this country'

Quavering

■ Observer's passing reference to The Hecklers – a band of musical terrorists whose mission is to rid Britain of the "sonic sewage of modern music" – has struck [illegible] chord. Several readers have written to ask how they may join the club.

[illegible] Burstein's your man. He's a composer who first saw action when he joined in the booing at the end [illegible] Sir Harrison Birtwistle's opera *Gawain* earlier this year. However, when the editor of a high-brow musical publication described Burstein's criticism as "bollocks", Burstein decided he had to raise his own campaign by a couple of octaves.

Last week, he held a debate ahead of [illegible] promenade concert featuring Sir Peter Maxwell Davies's Fifth Symphony. A gratifying number of publishers of *avant garde* cacophony was present to talk about whether modernism will survive the 20th century. Anyone interested in further events can ring Burstein on 081-675 2252 – but please don't heckle.

Hood-lum

■ [illegible] colleague on holiday in France reports the loss of a prized possession. Or should that read "prised"? An unknown trophy hunter has walked off with the emblem from his car's bonnet.

No Rolls-Royce Flying Lady this, nor even [illegible] rare Wartburg, but the rather more humble Vauxhall "griffin" badge.

The various Mercs, BMWs and Saabs in the same car park had not been touched, so maybe Vauxhall badges have now become collector's items, rather as VW emblems were a few years ago.

Perhaps there is a certain cachet on the Continent in having an English badge in your collection. If so, there is a certain irony: [illegible] replacement "griffin" was made in Germany.

Old clanger

■ The country fair was dragging to a close. Even the vintage car stand had failed to pull a crowd – except for the small boy who had wanted to know if the vehicle's owner had had the thing from new.

FINANCIAL TIMES
Wednesday August 17 1994

Russia moves to defend its nuclear controls

East German arrested with plutonium 'sample'

By Christopher Parkes in Frankfurt and John Thornhill in Moscow

An [illegible] German [illegible] arrested in Bremen last weekend while attempting [illegible] "sample" of supposedly Russian plutonium to [illegible] German under-[illegible], it emerged yesterday.

Following [illegible] capture in Munich of two Spaniards and [illegible] Colombian carrying some 300 grammes [illegible] plutonium [illegible] a Luft-[illegible] flight from [illegible] to Munich, the news sparked demands from German politi-[illegible] for more [illegible] and tighter [illegible] federal [illegible] regional security [illegible].

Mr Bernd Schmidbauer, Chancellor Helmut Kohl's security adviser, [illegible] visits the Russian capital [illegible] week, will [illegible] a parliamentary [illegible]-sion today and [illegible] expected to [illegible] the plutonium [illegible].

The Bremen [illegible] prompted [illegible] denials that [illegible] over nuclear [illegible] were not working. [illegible] from the embassy in [illegible] claimed there [illegible] no evidence, only [illegible] prejudice, in [illegible] reported.

In Moscow, Russian security officials claimed foreign governments were trying to exploit public [illegible] by [illegible] of weapons-grade plutonium in Germany [illegible] justify [illegible] in Russia's internal affairs.

According to German legal officials, the Bremen arrest involves an unnamed 34-year-old living in Lower Saxony who had offered to supply [illegible] of the plutonium. He also provided a certifi-[illegible] to prove [illegible] authenticity, which suggested it came from a Moscow scientific institute. Preliminary analysis showed the 2g "sample" [illegible] 0.05mg of [illegible] plutonium [illegible] americium, [illegible] commonly generated in nuclear power reactors.

In [illegible] development [illegible]-ing tensions [illegible] legal authori-[illegible], an [illegible] man [illegible]-ing to be the undercover agent on the case accused the arresting officers from the prosecution service of interfering with his work.

He said in a television broadcast that the rest of the material could be "wandering around north Germany". However, the Bremen prosecutors [illegible] they [illegible] the [illegible] of potential danger [illegible] public. They believed the remaining 68g were unlikely to be still in Ger-[illegible].

The agent also claimed former members [illegible] German Stasi state security [illegible] up [illegible] smuggling operation from small Russian boats plying Germany's Baltic coast.

In Moscow, the German embassy said its overriding con-[illegible] simply [illegible] source of the nuclear material.

Scientists believe it should be possible to trace the origin of the plutonium-239 by studying its isotopic concentrations which leave [illegible] distinctive "fingerprint". There [illegible] thought [illegible] only [illegible] plants in Russia capable of producing plutonium-239.

Unilever launches cash back scheme in soap war

By Ronald van de Krol in [illegible]

Unilever, the Anglo-Dutch consumer products group, has raised the financial stakes in its continuing "soap war" with US rival Procter & Gamble by offering hefty rebates to Dutch consumers who buy its new washing powder.

For this week only, shoppers in the Netherlands are being offered a Fl 10 ($5.70) rebate on the normal Fl 16.85 price of a packet of Omo Power. Unilever claims the new powder has revolutionary cleaning power, but P&G says it damages clothes after repeated washings.

The rebate scheme is limited to the Netherlands, where Unilever has suffered most heavily from P&G's claims. There are currently no plans to extend the temporary price cuts to the UK, where the powder is sold as Persil Power, or to other European markets.

Unilever described the rebate as a normal marketing instrument designed to win customers [illegible] a new product. A [illegible] Fl 3.00 rebate had been offered on some packets when Omo Power was launched in the Netherlands in April.

In early June, Dutch sales of Omo Power were hit hard after P&G's claims first surfaced in a Rotterdam-based newspaper, but [illegible] spokesman said yesterday that [illegible] picked up again in recent weeks.

He declined to say whether sales had recovered to levels seen before the feud or to give details of how much the rebates were expected to cost Unilever. The company said last week market share had risen in the UK and France despite the controversy about the new powder.

In large newspaper advertisements this week, Dutch consumers who buy Omo Power have been told to send the bar code from the packet to the company, together with an application form printed on the ad and a receipt from the supermarket to prove that the powder was purchased this week. The Fl 10, plus the cost of postage, would then be transferred to their bank account.

Unilever's advertisements make much of independent tests into the effectiveness of Omo Power, whose composition was adjusted after P&G argued that the powder's manganese-based accelerator could harm clothing. However, Unilever says its product has been a success. "That's why we want to treat you – to Fl 10," the advertisements say.

Some analysts had expected the unusually public war between the world's two leading soap manufacturers to affect Unilever's second quarter results. However, the company on Friday revealed a better-than-expected rise in profits, with no obvious effect from the row.

Israel

Continued from Page 1

[illegible] right of Israeli companies [illegible] an unlimited amount [illegible] working capital abroad, abolishing [illegible] rule limiting [illegible] investment to 40 per cent of their capital.

Separately, companies will now [illegible] invest [illegible] 10 per [illegible] of their equity or 5 per cent of [illegible] – [illegible] amount is [illegible] largest – either in foreign stocks [illegible] in deposits [illegible] foreign banks, both of which have hitherto been off limits. Previously only companies which exported goods could hold [illegible] proportion of their export revenues abroad.

Foreign companies will [illegible] also be allowed to raise capital on the Tel Aviv exchange, but the bank indicated that legislation [illegible] be required [illegible] does not yet have [illegible] timetable for the change.

UK error

Continued from Page 1

[illegible] award [illegible] on [illegible] within [illegible] framework of [illegible] existing [illegible] time this [illegible] is adopted, [illegible] aim is to give preference to certain tenderers, [illegible] conditions [illegible] rules invoked [illegible] compatible [illegible] Treaty [illegible] Rome."

It [illegible] this crucial opt-out that [illegible] the British government to [illegible] subsidising disabled workers in sheltered workshops.

However, [illegible] crucial paragraph [illegible] included in the [illegible] consolidated directive, which UK [illegible] amended; they [illegible] legislation would be needed [illegible] remedy the omission.

Rover to develop cheaper fourwheel drive vehicle range

By Kevin Done, Motor Industry Correspondent, in London

Rover Group, [illegible] leading UK [illegible] and [illegible] subsidiary of [illegible] of Germany, [illegible] planning [illegible] develop a [illegible] range of [illegible] Land Rover fourwheel drive [illegible] as part of [illegible] ambitious five-year [illegible] model [illegible] programme.

The group is planning [illegible] to around [illegible] during the [illegible] five [illegible] from the [illegible] spent on new model development in the previous [illegible] years, [illegible] Mr John Towers, [illegible] chief exec-[illegible].

"We are now openly [illegible] increasing our [illegible] in the next cycle of new models," he said.

The [illegible] spent around £300m to develop a luxury Range Rover to be launched as a new flagship for the group in the autumn, but it is understood that Rover is seeking to expand [illegible] in the [illegible] growing world market for fourwheel drive sports/utility vehicles, where it is already the leading European manufacturer.

Land Rover, [illegible] group's specialist [illegible] drive division, [illegible] planning to launch [illegible] new vehicle [illegible] probably in 1997, positioned below its current Range Rover and Discovery ranges [illegible] designed to appeal to younger [illegible] buyers.

[illegible] compete with [illegible] Vitara and the recently launched Toyota RAV4.

Mr Towers [illegible] "Land Rover should be part of creating opportunities [illegible] people [illegible] down the range".

"It is sensible and right to consider [illegible] business proposal to allow Land Rover to spread its net and create an ability below Discovery prices to attract people into the Land Rover fold."

The Discovery itself, currently priced in the UK between £17,600 and £26,300, has already trans-[illegible] Land Rover's fortunes and [illegible] opened [illegible] since it [illegible] in [illegible] to complement the luxury [illegible] and the utility [illegible]. It [illegible] 50 per [illegible] of Land Rover sales [illegible] year.

"We have a further opportunity to [illegible] people to get involved below the Discovery, but not far below," said Mr Towers.

Total Land Rover sales jumped by [illegible] per cent last year [illegible] a record 73,527 from 56,450 in 1992, and Land Rover output [illegible] increased further by 35 per cent to 43,600 in the first six months of this year, helped by the launch of [illegible] Discovery in [illegible] last [illegible].

Land [illegible] in the [illegible] seven months of [illegible] than [illegible] to [illegible] 2,572 in the corresponding period a [illegible].

THE LEX COLUMN

Fed's firm hand

Yesterday's increase in US interest rates is welcome. It is evidence that the Federal Reserve is prepared to act early to dampen inflationary pressures. With the US economy poised to grow nearly 4 per cent this year and the recovery in its fourth year, capacity constraints cannot be far away. There must also be a limit to how long industry can shoulder higher raw material prices without these feeding through into retail price inflation. The bitter history is that once inflation is clearly visible, it is already too late for central banks to act.

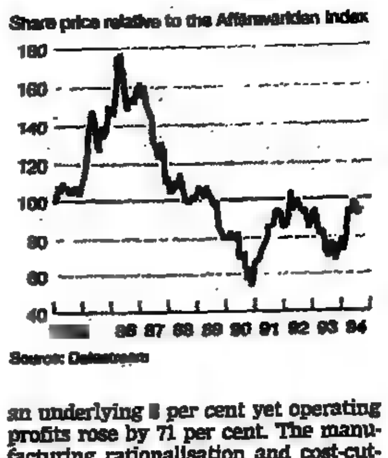
The Fed's strong line on inflation, though widely expected, should underpin US bond markets. Interest rates will have to rise again towards the end of the year but the half-point increase in official interest rates means there should be a respite for at least a few months. The dollar should also be less vulnerable.

The Fed's move is good news for European bond and equity markets, which tend to take their lead from US bond markets. A more important factor, though, will be how the Bundesbank acts in the coming days and weeks. Markets are still divided over whether German interest rates have hit their bottom. A further downward tick in the repurchase rate following tomorrow's Bundesbank council meeting is a possibility. That would probably give short-term relief to other European markets, which are struggling to maintain their attraction in the face of a strong DMark. But with signs that the German economy is motoring ahead, [illegible] steady [illegible] an upward [illegible] Year.

FT-SE [illegible] 3147.3 ([illegible])

Electrolux

Share price relative to the Affarsvarlden Index



Source: Datastream

Electrolux

Electrolux's empire-building has yet to produce the right result for shareholders. Group sales have almost trebled since the acquisition of Zanussi in 1984. But operating profits last year were barely higher. The 30 per cent rise in the shares this year only makes up ground lost to the Swedish market over the decade. Even allowing for the deeply cyclical nature of its white goods and aluminium businesses, that must be counted as a disappointment. The question is whether yesterday's impressive first-half results mark the moment when the strategy starts to pay off.

The operational gearing implied by yesterday's figures is certainly a reason for optimism. Sales increased by an underlying [illegible] per cent yet operating profits rose by 71 per cent. The manufacturing rationalisation and cost-cutting which depressed profits over the years seem to be bearing fruit. Operating margins of over 6 per cent – last achieved in 1989, against 4.5 per cent in the first half – should be within [illegible].

Competition from the likes of Whirlpool [illegible] Electric [illegible] yet upset such calculations. The white goods market has so far been spared the ferocious discounting of consumer electronics. In Europe, though, Electrolux now looks fully capable of defending itself. By adding AEG's appliances business to its portfolio earlier in the year, Electrolux denied its rivals market share and another valuable brand. There is still work to be done: returns in the US remain too low and it is difficult to see what the group brings to aluminium smelting. But these are minor problems compared to those it would be facing if it had sat back and watched the industry restructure.

Hanson

The more bullish medium-term profits forecasts for Hanson depend heavily on the recovery potential at Quantum Chemical. So its strong £46m profit contribution in the third quarter was particularly encouraging. As ethylene and polyethylene prices have continued to improve there should be plenty more to come. SCM Chemicals, which was lagging behind the general improvement in the first half, has also seen prices start to harden.

The strong third quarter has pushed [illegible] underlying growth in operating profits from around 8½ per [illegible] in the [illegible] half to an estimated 12 per [illegible] in the [illegible] months. Although [illegible] third quarter [illegible] slightly flattered by [illegible]-parison with an unusually [illegible] period for Imperial Tobacco last year, the trends are strongly positive. Given [illegible] shares' high rating, the market expects nothing less.

On [illegible] brokers' forecasts, the shares are on [illegible] premium to the mar-[illegible] as far [illegible] 1996. While the shares yield [illegible] fat 5.7 per cent, Hanson [illegible] rebuild dividend cover significantly given [illegible] cyclical nature [illegible] and [illegible] longer-term [illegible] to Imperial Tobacco's profits. Disposals, such as the Ertl float, are revitalising the balance sheet but even at the full price suggested [illegible] expected [illegible] earnings. Before long, [illegible] Hanson magic will be required to justify [illegible].

Directors' pay

If institutional shareholders [illegible] the [illegible] of compensation [illegible] agreed [illegible] Peter Davis, they will [illegible] to do more than call for the abolition of three-year rolling [illegible]. It is hard to [illegible] it would have made had Mr Davis been on only a two-year [illegible] bulk of [illegible] £2m [illegible] enhanced [illegible]-sion entitlements for two years, it is [illegible] to [illegible] not much.

The [illegible] by no [illegible] the [illegible] example [illegible] corporate largesse [illegible] and few would deny [illegible] shareholders have [illegible] handsomely rewarded during Mr [illegible] stay. The [illegible] was reflected in [illegible] the [illegible] his getting [illegible] job.

Perhaps in an ideal world, [illegible] would [illegible] only until they [illegible] another post. But [illegible] widely considered impractical if only [illegible] it provides [illegible] with [illegible] incentive. It should, however, [illegible] possible [illegible] link [illegible] explicitly with performance. [illegible] companies [illegible] tougher in nego-[illegible] severance [illegible] on [illegible] executive's departure, there will [illegible] increasing calls for contracts to be [illegible] one year. Such [illegible] by [illegible] fiercely [illegible] by companies. [illegible] pay-offs can be [illegible] convenient way of keeping disgruntled former [illegible] quiet. But it [illegible] be [illegible] to [illegible] investors [illegible] paying hush money [illegible] in their [illegible].

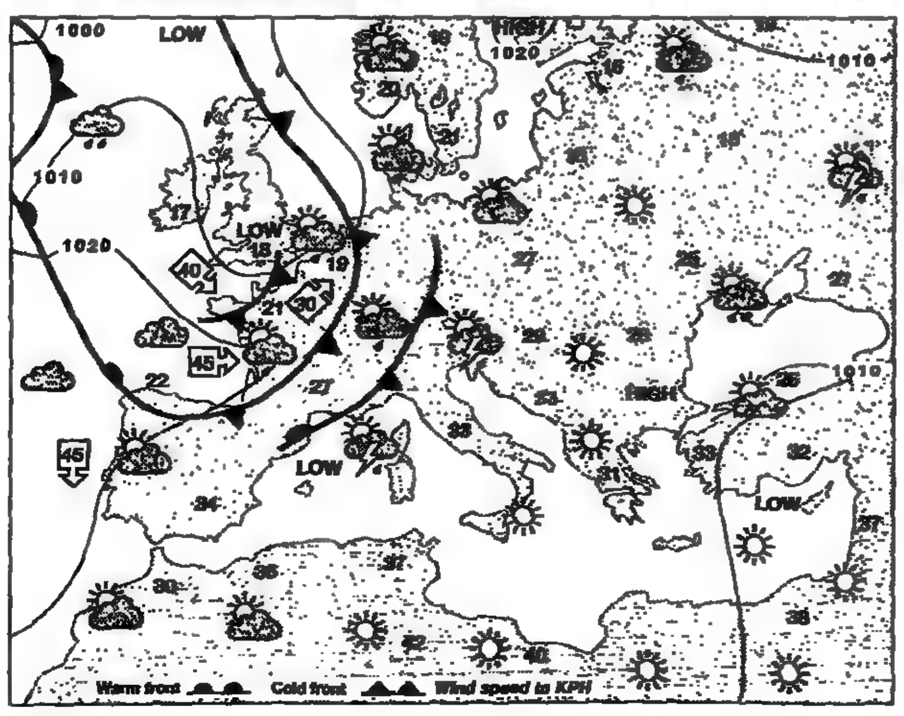
FT WEATHER GUIDE

Europe today

Low pressure will affect much of western Europe. An active frontal zone followed by cool, unstable air will produce rain and showers in France. A separate low will cause moderate to heavy rain over the southern UK and it will be breezy in the Channel area. The showers and cool westerly winds will spread into the Benelux later. Meanwhile, Spain will have abundant sunshine with tropical temperatures in the south but cloud and showers are expected in the north. High pressure from Scandinavia to Greece will give sunny conditions. Temperatures will range from 15C in Finland to [illegible] sultry 32C in Greece. Warm air over central Europe will gradually be pushed north.

Five-day forecast

On Thursday, heavy rain will cross Austria, the Czech Republic and Poland before moving into far east Europe. Most of western Europe will be cool, dry and partly sunny on Thursday. The UK will be changeable during [illegible] day. [illegible] new autumn-like depression will [illegible] Europe, including Scandinavia, at the end of the week.



[illegible] at [illegible] GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

[illegible] TEMPERATURES

		Maximum	[illegible]	fair	31	Caracas	shower	27	Faro	sun	[illegible]	Madrid	fair	33	Rangoon	rain	30
		[illegible]	[illegible]	rain	17	Cardiff	rain	16	Frankfurt	shower	[illegible]	Majorca	sun	33	Reykjavik	cloudy	13
Abu Dhabi	[illegible]	[illegible]	[illegible]	[illegible]	29	Casablanca	fair	27	Geneva	[illegible]	[illegible]	Malta	sun	35	Rio	cloudy	27
Accra	cloudy	[illegible]	Berlin	sun	24	Chicago	fair	28	Gibraltar	sun	30	[illegible]	rain	15	Rome	sun	32
Algiers	[illegible]	35	[illegible]	fair	30	Cologne	cloudy	22	Glasgow	cloudy	18	Manila	fair	31	S. Frsco	sun	23
Amsterdam	rain	[illegible]	[illegible]	fair	20	Dakar	fair	31	Hamburg	[illegible]	[illegible]	[illegible]	shower	10	Seoul	shower	32
Athens	[illegible]	32	[illegible]	[illegible]	31	Dallas	fair	36	Helsinki	[illegible]	17	Mexico City	fair	23	Singapore	shower	31
Atlanta	fair	33	[illegible]	rain	20	Delhi	fair	29	Hong Kong	rain	[illegible]	[illegible]	fair	35	Stockholm	sun	19
[illegible]	[illegible]	18	[illegible]	sun	28	Dubai	sun	42	Honolulu	fair	[illegible]	[illegible]	fair	29	Strasbourg	cloudy	23
B.ham	rain	15	[illegible]	[illegible]	19	Dublin	rain	17	Istanbul	[illegible]	[illegible]	[illegible]	thund	27	Sydney	fair	15
Bangkok	[illegible]	[illegible]	[illegible]	sun	38	Dubrovnik	sun	31	Jakarta	fair	[illegible]	[illegible]	shower	17	Tangier	fair	27
Barcelona	[illegible]	29	Cape [illegible]	sun	17	Edinburgh	shower	18	[illegible]	rain	16	Munich	shower	23	Tel Aviv	sun	37
									[illegible]	cloudy	[illegible]	Nairobi	shower	25	Tokyo	sun	29
									Kuwait	[illegible]	47	[illegible]	sun	33	Toronto	fair	25
									L. Angeles	[illegible]	[illegible]	[illegible]	shower	33	Vancouver	thund	21
									Las Palmas	sun	27	New York	cloudy	29	Venice	fair	29
									Lima	cloudy	16	[illegible]	fair	29	Vienna	sun	29
									Lisbon	sun	28	[illegible]	sun	41	Warsaw	fair	24
									London	rain	18	[illegible]	fair	20	Washington	rain	29
									Lux.bourg	[illegible]	20	Paris	shower	21	Wellington	cloudy	12
									Lyon	shower	23	[illegible]	sun	21	Winnipeg	cloudy	22
									Madeira	sun	25	[illegible]	sun	27	Zurich	cloudy	20

هكذا فى الاصل

PEOPLE

ICI appoints finance director

Alan Spall, 49, has been appointed finance director of Imperial Chemical Industries as part of a move to bring some younger faces into the increasingly elderly boardroom of [redacted] company.

[redacted] joined ICI [redacted] after qualifying [redacted] a [redacted] with Thomson McLintock, [redacted] Colin Short, 59, who is being [redacted] sideways. Short, a former treasurer of Chevron who joined ICI in 1990, [redacted] given responsibility for the Eastern hemisphere, which will enable him to devote more [redacted] his [redacted] job as deputy chairman of ICI Australia, ICI's biggest affiliate. Short retains responsibility for planning.

ICI plays down any suggestion that Short, who played a key role in defending the company against Hanson, has been demoted. Short is less than three years away from retirement and knows the Eastern hemisphere well from his days in the oil industry.

Sir Denys Henderson, 61, the chairman of ICI, and chief executive Ronnie Hampel, 61, are both expected to retire in 1995 and ICI is keen to bring a younger generation of managers into the boardroom. The effect of the current changes is to reduce the average age of the ICI executive directors from 57 to 54.

The company announced yesterday that Chris Hampson will leave next April when he reaches the normal retirement age of 62 and will be replaced on the board by Mike Brogden, 55, who joined ICI in 1960 as a technical officer in the dyestuffs division. Brogden has been chief executive [redacted] ICI Chemicals and Polymers [redacted] May 1992 and will retain his responsibility when he jo[redacted] the board next May.

The latest reshuffle does not appear to give any more clues as to the likely successors to Henderson and Hampel, who have both agreed to stay on after the normal ICI retirement age. Although Spall, ICI's general manager in charge of finance, is under 50, Rob Margetts, 47, who has been on the ICI board for over a year, is still regarded as the front runner.

Bond resigns from Arjo Wiggins

Arjo Wiggins Appleton, the [redacted] has dismayed [redacted] again with its [redacted] yesterday [redacted] Gordon Bond, [redacted] American executive director, has resigned.

Bond, [redacted] previously ran the US Appleton operations, was only appointed in January as chief executive of the company's printing [redacted] writings [redacted] which [redacted] European carbonless [redacted] businesses, [redacted] Ceasa, the group's pulp mill in Spain.

The move is a serious blow for AWA. Of the group's opera[redacted] directors, [redacted] was undoubtedly the most successful and had the highest profile. AWA's shares closed down 23p to 226p.

Although AWA [redacted] say what had caused the boardroom bust-up, there appears to have been a personality clash between [redacted] strong-willed [redacted] Alain Soulas and Bond who was used to running his operations with [redacted]

Behind the scenes AWA stressed the resignation had had nothing to [redacted] with [redacted] deterioration in the performance of Bond's division, nor [redacted] disagreement [redacted] group's strategic direction, nor by any desire to relocate the [redacted] to France. The group [redacted] minority French shareholder.

■ [redacted] Hudson [redacted] from AVON RUBBER.

■ Alan Chilton has resigned as sales and marketing director of SCOTTISH TELEVISION.

Medeva picks internal candidate

Medeva, the drugs [redacted] which saw its share price thoroughly [redacted] profits warning in July, [redacted] picked [redacted] one internal candidate, European regional director Bill Bogie, for the new post of chief executive with effect from the beginning of next year.

Executive chairman Bernard Taylor, [redacted] announced [redacted] intention to split the top management spot at the interims in August, says that as the headhunters got to work, [redacted] became clear that Bogie, who only [redacted] April, [redacted] "head and shoulders" above the rest of the potential candidates.

Bogie, 49, has impressed his new chairman by "grasping [redacted] nettle" [redacted] Europe, "neatly executing a potentially painful rationalisation".

His background also matches the company's requirements for a chief executive "steeped in pharmaceutical lore". A medical doctor by training, Bogie spent four years in the Health Service before joining Hoechst Pharmaceuticals, initially on the research side, in 1972. He worked in Germany and the US in the early 1980s, and later ran Hoechst Pharmaceuticals in the UK before joining Medeva.

When Bogie takes over, the company's founder Ian Gowrie-Smith will relinquish his title [redacted] will not change his task qualitatively; he was always the corporate development man," says Taylor, conceding that, given [redacted] company's [redacted] price, "we have difficulty in generating enough acquisition work to keep him interested".

While no directors would be getting [redacted] Gowrie-Smith's [redacted] salary [redacted] £287,000 would be [redacted] when the company had "a better assessment as to what the future holds [redacted] near term acquisitions", Taylor [redacted]

The shares closed up 1½p at [redacted] yesterday.

Non-executive directors

■ Sir Allen Sheppard, chairman of GrandMet, [redacted] BOWATER.

■ Sir John Hoskyns, chairman of the Burton Group and a former director general of the Institute of Directors, at EMAP.

■ James Lee, md of Lee [redacted] Co and a former director of Pearson, at PEARSON's [redacted]on Holdings.

■ Barry Smith, former [redacted] director, at ELBIEF.

■ [redacted] Ashworth, David Macdonald, Morris Miller and Peter Russell [redacted] resigned from The NORTH BRITISH DISTILLERY COMPANY following its acquisition by Lothian Distillers.

■ Stephen Ellis, founder shareholder and chairman [redacted] Viking Packaging, at GOODHEAD GROUP.

■ Robert Dolman, [redacted] partner [redacted] Wedlake Bell, [redacted] chairman [redacted] FAMILY [redacted] FRIENDLY [redacted]

■ Harold Bailey has resigned from CLYDE PETROLEUM.

■ Tom Forsyth has resigned from ARLEN.

■ Bruce Fireman, a former director of Newspaper Publishing, at CULVER HOLDINGS.

■ Christopher Arnander, chairman of the Royal College of Music Development Fund and a former director [redacted] BZW, [redacted] RECORD TREASURY MANAGEMENT.

■ William Fulton has resigned from CLAYHITHE.

■ [redacted] Hugh Bidwell, former Lord Mayor [redacted] London, [redacted] chairman at APPLIED DISTRIBUTION (GROUP), the holding company of ADL.

■ Geoffrey Langlands, director vice-president of Banco Simonsen, at TEMPLETON EMERGING MARKETS INVESTMENT TRUST.

■ Andrew Barr, chief [redacted] of Aerostructures Hamble, and Daniel Hodson, chief executive of Liffe, at RANSOMES.

■ Peter Saunders, former md of United Artists Communications (London South), at ALLIED RADIO.

■ George Capon, recently retired partner of Touche Ross, [redacted] BLOCKLEYS.

■ Robert Green [redacted] resigned [redacted]

■ Graham Winfield, retired chief executive of BOC's [redacted] division, as [redacted] TATE.

■ James Best, md of UBS in London, at ORIEL [redacted]

هكذا من الاصل

Gold producers say defence acts against shareholders

Bidders for Lac seek to have 'poison pill' removed

By Bernard Simon in Toronto

The two gold producers bidding [redacted] Toronto-based Lac Minerals will ask the [redacted] Securities Commission tomorrow [redacted] "poison pill" which Lac has put in place to discourage predators.

American Barrick and Royal [redacted] Mines [redacted] expected [redacted] argue that the poison pill was designed to give Lac's [redacted] time to find better offers, but that it now deprives [redacted] ers [redacted] the ability [redacted] choose [redacted] competing [redacted]

Lac's directors have rejected [redacted] bids, saying [redacted] would be [redacted] served if the company remained independent. Lac [redacted] expected [redacted] the application [redacted] suspend its poison pill.

Royal Oak's C$2.4bn (US$1.73bn) offer, comprising [redacted] and shares, [redacted] due [redacted] expire [redacted] Friday. American Barrick's bid is worth about C$2.1bn, but [redacted] widely considered to be more attractive because its paper is more desirable and more liquid. Royal [redacted] by far the smaller [redacted] and its mines are relatively high-cost operations.

The Barrick [redacted] expires [redacted] August 26. Barrick will [redacted] commission [redacted] both bids to expire at the same time "so investors will [redacted] a meaningful choice between them".

Lac, [redacted] widely owned, put a "shareholder rights plan" [redacted] place in [redacted] The poison pill would [redacted] triggered if [redacted] outsider acquired more than 15 per [redacted] of Lac's shares. The directors would be able [redacted] thwart a full takeover by [redacted] ing [redacted] substantial discount [redacted] existing [redacted]

[redacted] lawyers [redacted] in [redacted] to the commission [redacted] Lac has had "ample time" to [redacted] alternative [redacted] Royal [redacted] unveiled [redacted] on July 7.

"The [redacted] by the rights plan is beginning to operate [redacted] the detriment [redacted] Lac shareholders by denying them access [redacted] the outstanding offers." [redacted] letter [redacted] "Any suggestion [redacted] the rights plan be kept in place in order to enforce the so-called 'stand-alone option' [redacted] rent [redacted] investors."

■ Mr John Palmer, senior partner in [redacted] Toronto accounting firm of [redacted] Marwick, will [redacted] Fed[redacted] Superintendent of Finan[redacted] on September 1, [redacted] Gibbens in [redacted]

The Canadian government's [redacted] was [redacted] shortly [redacted] failure of [redacted] tion Life Insurance. [redacted] Superintendent [redacted] Finan[redacted] of [redacted] Life.

Mr Palmer, [redacted] succeeds [redacted] Michael Mackenzie, whose term expired in July. Mr [redacted] held [redacted] job through [redacted] services [redacted] try [redacted]

NEWS IN BRIEF

TCI solo in bid for Madison Square package

Tele-Communications, [redacted] largest [redacted] operator in the US, [redacted] it had [redacted] alone for the Madison Square Garden arena, related sports [redacted] regional sports [redacted] television network being [redacted] by Viacom, the entertainment group, Reuter reports from [redacted] York.

It [redacted] it [redacted] financial partners in [redacted] bid, [redacted] seeking to buy all [redacted] the Madison Square [redacted] unit.

TCI [redacted] competing against [redacted] least [redacted] other final offer. Sources [redacted] ITT [redacted] Cablevision Systems submitted a joint [redacted] for the [redacted] Square Garden businesses.

[redacted] groups, such [redacted] and John Labatt, [redacted] considered bidding [redacted] taking part in joint bids, but pulled out in recent days.

Viacom [redacted] $1bn or more [redacted] the businesses.

Nestlé in talks on BBV ice cream unit

Nestlé, [redacted] world's largest [redacted] beverages group, yesterday confirmed it [redacted] in [redacted] with [redacted] Vizcaya about [redacted] of [redacted] Spanish bank's [redacted] division, Reuter reports [redacted] Vevy.

"We [redacted] in [redacted] advanced [redacted] of [redacted] Bilbao," [redacted] company said.

It [redacted] market [redacted] in Spanish [redacted] if it [redacted] in taking [redacted] BBV division. [redacted] presently [redacted] third-biggest [redacted] share.

Revenues up 12% at Thomson-CSF

Thomson-CSF, the French defence [redacted] electronics group, announced [redacted] per [redacted] in first-half consolidated revenues, to FFr15.9bn [redacted] from FFr14.2bn in first-half 1993, AP-DJ reports from Paris.

Thomson-CSF noted, however, that [redacted] down 11 per [redacted] adjusted for changes in exchange [redacted] in the group's [redacted] consoli[redacted]

Improved traffic helps Thai Airways

Improvements in [redacted] helped [redacted] Airways [redacted] a 3.1 per [redacted] improvement [redacted] third-quarter net profits, on [redacted] per [redacted] advance in operating [redacted] Bt15.15bn ($606m), writes Williams [redacted] in Bangkok.

[redacted] attributed [redacted] improved earnings [redacted] in traffic, [redacted] lifted [redacted] factors (passengers and [redacted] carried) from [redacted] per cent.

However, Mr Gerard Kruithof from Peregrine brokerage in Bangkok, said: "The [redacted] figures don't show how much of the profits have been [redacted] by extraordinary [redacted] like commissions from aircraft purchases [redacted] on."

[redacted] said the airline could have trouble filling the new aircraft it has ordered. Five aircraft are scheduled [redacted] deliv[redacted] this fiscal year.

Philips, KPN join Graff in pay-TV venture

By Ronald van de Krol in Amsterdam and [redacted] Adonis in [redacted]

Philips, [redacted] Dutch [redacted] KPN, the [redacted] recently-privatised telecommunications operator, [redacted] the European pay-television market in a joint [redacted] ture with [redacted] Pay-Per-View, a [redacted]

The [redacted] companies plan [redacted] services in pay-per-view television [redacted] European cable operators in September.

Pay-per-view, [redacted] allows viewers to choose [redacted] and pay only for what they see. [redacted] the [redacted] Europe's cable operators, [redacted] for [redacted] tors seeking [redacted] move [redacted] entertainment. All [redacted] operators [redacted] conducting trials, aiming to offer a full video-on-demand service.

Analysts [redacted] Philips-led joint [redacted] impact on [redacted] Dutch [redacted] with its [redacted] tration. But this [redacted] mostly [redacted] row-band capacity without advanced inter-active services.

[redacted] the other [redacted] European markets, the venture faces strong competition [redacted] established operators [redacted] ming providers.

Mr Neil Blackley, media analyst [redacted] Sachs, said Graff, [redacted] of the largest US providers, appeared [redacted] have [redacted] itself [redacted] prime pay-per-view provider in [redacted] UK, [redacted] and [redacted] operators are [redacted] to contract directly with programming providers.

Philips, eager [redacted] its "[redacted] media" presence, will [redacted] 45 per [redacted] venture, [redacted] KPN holding [redacted] and Graff [redacted] remaining 20 per [redacted]

[redacted] companies [redacted] give financial details, but [redacted] said its share would [redacted] into [redacted] millions of guilders.

Graff, which operates 11 channels of pay-per-view televi[redacted] in [redacted] pro[redacted] cable operators with [redacted] combined audience of more than 10m subscribers, said: "We [redacted] confident the [redacted] company represents the perfect alliance to respond to [redacted] of European consumers for [redacted] media services."

[redacted] will bring to the venture [redacted] experience in buying and licensing programming from Hollywood [redacted] the rest of [redacted] entertainment industry.

Philips owns [redacted] in the infrastructure of cable television networks in the Netherlands, Austria, France and Belgium.

The three companies said that a number [redacted] European [redacted] operators had already expressed interest in working with the joint venture.

KPN, which was partially floated [redacted] the Amsterdam bourse in June, [redacted] 76 per cent [redacted] in Casema, a Dutch cable operator with 1.2m subscribers.

[redacted] is planning [redacted] pay-TV and pay-per-view in and around The Hague and Utrecht in early [redacted] part of [redacted] partnership with the new joint venture.

The potential 400,000 subscribers in these two Dutch cities would be offered several pay-per-view channels, with viewers paying per film or per event, [redacted] well [redacted] several pay-TV channels in return for a monthly subscription charge.

DnB posts record at mid-term

By Hugh Carnegy in [redacted]

Den norske Bank, Norway's largest bank, recorded its biggest half-year profit in the [redacted] six months of this [redacted] helped by [redacted] reversal [redacted] a [redacted] trend of heavy loan-loss provisions.

DnB, state-controlled since [redacted] out of [redacted] loan-loss crisis by the government [redacted] 1992, reported [redacted] pre-tax profit of NKr1.48bn [redacted] compared [redacted] a surplus [redacted] NKr218m [redacted] same period of the previous year.

The result was achieved in spite of lower interest income and a fall [redacted] profits from its bond and share portfolio.

The most striking feature of [redacted] result was [redacted] net gain of NKr124m made under [redacted] losses, as [redacted] written [redacted] on previous [redacted] exceeded [redacted] provisions. At [redacted] stage [redacted] made net provisions of [redacted]

The turnround [redacted] similar gain by [redacted] Bank, Norway's [redacted] largest bank, [redacted] provides evidence that [redacted] strengthening Norwegian [redacted] bolstering [redacted] recovery of [redacted] of [redacted] early [redacted] when [redacted] of [redacted] under [redacted] control.

"[redacted] pleased [redacted] short [redacted] Norwegian [redacted] improved [redacted] position [redacted] envisaged just [redacted] year ago," [redacted] Finn Hvistendahl, [redacted] chief executive.

"This [redacted] quality of our loan portfolio [redacted] it [redacted] to [redacted] a [redacted] portion [redacted] previous [redacted] provisions," [redacted]

The volume [redacted] non-performing [redacted] was cut [redacted] the half-[redacted] NKr8.4bn [redacted] end [redacted]

However, DnB, formed in [redacted] from the [redacted] Den [redacted] Bank, [redacted] operating profits [redacted] sharply [redacted] from [redacted] in [redacted] same period [redacted] year.

[redacted] in [redacted] first [redacted] NKr2.44bn from [redacted]

Other [redacted] slipped [redacted] NKr1.2bn [redacted] NKr1.87bn as [redacted] sent [redacted] trading profits spinning down to NKr71m from NKr666m and share profits fell [redacted] NKr87m [redacted]

Dutch publisher improves 22%

By Ronald van de Krol

Wolters Kluwer, [redacted] publisher, posted a 22 per cent [redacted] first-half [redacted] profit [redacted] predicted a [redacted] about 20 [redacted] for [redacted] as [redacted]

The first-half increase, [redacted] full-year 1993 rise [redacted] 23 per cent, [redacted] net profit [redacted] Fl 169m ($97m) compared [redacted] Fl [redacted] in [redacted] first [redacted] of last year.

[redacted] up 1.8 [redacted] cent [redacted] Fl 1.28bn, mainly reflecting divestments of non-core activities.

Wolters [redacted] said it saw strong growth [redacted] scientific publishing [redacted] legal [redacted] publishing in Europe. [redacted] growth was satisfactory [redacted] business publishing, [redacted] medical publishing and [redacted] publishing.

The [redacted] expects [redacted] acquisitions this year to [redacted] to those in Austria, Hungary [redacted] the Czech Republic.

The group's strategy in Europe is to concentrate [redacted] which are [redacted] to join the European [redacted] where there is demand for [redacted] information about Europe from [redacted] legal [redacted] Acquisitions in [redacted] expected [redacted] add [redacted] Fl 200m [redacted] company's [redacted] volume.

● [redacted] Douglas, [redacted] manufacturer [redacted] coverings and architectural products, reported [redacted] 35.7 [redacted] cent [redacted] in first-half net profit, reflecting strong results in [redacted] US [redacted] Australia.

[redacted] profit [redacted] Fl 36.5m ($20.9m) from [redacted] in [redacted] first six months of 1993. Turn[redacted] 14.3 [redacted] Fl 970.5m, helped by [redacted] 11.6 per cent [redacted] in [redacted] volume.

UK travel group in strategy shake-up

By Michael [redacted] Correspondent

[redacted] Abroad, [redacted] UK's third largest travel [redacted] yesterday [redacted] itself First Choice Holidays in an attempt [redacted] regain market share [redacted] restore profitability.

Mr [redacted] Baron, [redacted] executive [redacted] November, [redacted] the group's previous unco-ordinated branding [redacted] marketing [redacted] of [redacted] performance.

The group's [redacted] brands – [redacted] included Enterprise, [redacted] Olympic – are [redacted] replaced by three. [redacted] will be for [redacted] mass market, catering particularly for [redacted]

[redacted] is retaining its upmarket Sovereign brand. The [redacted] brand will [redacted] FreeSpirit, [redacted]

On the London [redacted] Exchange, [redacted] group's [redacted] marked [redacted] 107p. Mr Bruce Jones, an analyst [redacted] Smith [redacted] Court, [redacted] rivals [redacted] Thomson [redacted] Airtours would respond vigorously [redacted] launch [redacted] First [redacted]

The [redacted] larger companies brought out their [redacted] brochures earlier this month.

[redacted] said: "Airtours [redacted] of people to say how [redacted] it [redacted] have [redacted] strong number three."

[redacted] said the rebranding appeared to have been researched thoroughly. "It's almost a classic business school exercise. Analyse the market, analyse where you are [redacted] then bite [redacted] bullet."

Mr [redacted] said [redacted] unsuccessful [redacted] for Owners Abroad last year [redacted] been [redacted] of [redacted] group's problems but [redacted] result of them.

Owners Abroad's share [redacted] the [redacted] market had fallen [redacted] an estimated 12 per cent [redacted] year from 16 per cent in 1992. Operating margins had declined to 2 per cent [redacted] from [redacted] per [redacted] in 1991.

The proliferation of Owners Abroad's brands meant that [redacted] could be supported properly, Mr Baron said.

Thomson last year spent £15m advertising two [redacted] Airtours spent [redacted] on two brands. By contrast, Owners Abroad spent £4.5m [redacted] eight brands.

[redacted] result was [redacted] of con[redacted] In a recent survey, only [redacted] per cent [redacted] an unprompted awareness of any of [redacted] Owners Abroad brands. By contrast, 55 [redacted] of Thomson. Many thought Owners Abroad [redacted] a timeshare company.

[redacted] said [redacted] provi[redacted] the change would [redacted] in this year's [redacted] He hoped the move would help win back 1 per centage point of lost market [redacted] next summer.

Hewlett-Packard sustains growth rate in third term

By Louise Kehoe in San Francisco

Hewlett-Packard, the pace [illegible] the computer industry, maintained its rapid growth in its third quarter [illegible] up [illegible] per [illegible] and a 27 per cent rise in [illegible].

"We had a very good quarter, with excellent [illegible] and [illegible]nue growth [illegible] substantial profit improvement," said Mr Lew Platt, chairman, president and [illegible].

"We [illegible] momentum going [illegible] fourth quarter," [illegible] Mr Platt. But, with typical caution, [illegible] that in spite of improvement in the global economy, conditions, "we expect the competitive environment to remain intense".

Net earnings for the third quarter to July 31 were $347m, or [illegible] a share, up [illegible] $271m, or $1.06, in [illegible] period last [illegible]. Earnings per share [illegible] the third quarter of 1994 [illegible] reduced [illegible] by [illegible] inclusion [illegible] employee stock options in the number of outstanding shares.

Net revenue was $6.1bn, up from $5.0bn last year. Net revenue in the US was $2.8bn, up 20 per cent, while net revenue outside the US was $3.3bn, a 24 per cent increase over last year's third quarter.

Earnings were in line with Wall Street expectations. However, the company's exceptionally strong growth in orders booked during the third quarter excited investors, and HP's share price jumped $5¾ to trade at $84⅞ in mid-session.

HP said orders booked during the third quarter totalled $6bn, an increase of 27 per cent over the same period last year. US orders rose 24 per cent to $2.8bn while orders from outside the US increased 29 per cent to $3.2bn.

In HP's core computer business, revenues were up 20 per cent at $4.7bn for the quarter. Orders jumped 28 per cent to $4.6bn. The company said orders for PC and network servers were "outstanding", with growth substantially outpacing the market rate.

HP's flagship PC printers continued to sell strongly in the quarter and the company said it saw an "excellent increase in orders" for its popular Deskjet models.

For the nine months ended July 31, net revenue increased to $18bn from $14.6bn while net earnings grew 28 per cent to $1.1bn. Net earnings per share were $4.31, up from $3.47 in the first nine months of fiscal 1993.

Newsprint buyers set to resist price rise

By [illegible] Simon in Toronto

Champion International, the Connecticut-based forestry group, has caught North American publishers off-guard by announcing its third newsprint price increase this year.

Buyers indicated that they would vigorously resist the latest increase. Low newsprint prices played a significant part in cushioning publishers from the full impact of the 1991-93 recession, and few have budgeted for another increase this year.

Champion's move, which takes the form of a 5 per cent cut in discounts on the $685 per tonne list price effective from December 1, is expected to be followed shortly by other US and Canadian producers.

One industry expert said that some Canadian companies were considering even bigger increases.

The latest discount cut would bring newsprint prices to $534.3 a tonne, compared with less than $420 at the beginning of this year. Champion started implementing its previous 6 per cent discount cut earlier this week.

"Our sense is that demand worldwide is increasing," Champion said yesterday. According to the Canadian Pulp and Paper Association, US newsprint consumption rose by 2.4 per cent in the first half of 1994, and consumer inventories were 24 per cent lower [illegible] the end [illegible] June than a year earlier.

Demand outside North America has been even stronger. Canadian exports to overseas markets, mainly the UK and east Asia, soared by 44 per cent in June.

Pulp and paper prices [illegible] turned round much faster [illegible] most market-watchers expected. The latest newsprint increase will coincide with the peak pre-Christmas consumption period.

Furthermore, [illegible] could be [illegible] scramble [illegible] if [illegible] talks under way at British Columbia's pulp and paper mills break down, leading to a strike.

Warehouse side curbs Wal-Mart

By Richard Tomkins in New York

Continued weakness in Wal-Mart [illegible] warehouse club operations [illegible] US discount [illegible] group's [illegible] profits growth [illegible] quarter [illegible] July, [illegible] company reported yesterday.

The figures, however, were in sharp contrast with the worsening losses reported by Kmart, Wal-Mart's biggest rival, [illegible] day before. They [illegible] end of the market's expectations, and the shares rose $⅝ to $24⅞ in [illegible] trading.

Net income for the quarter [illegible] from [illegible] on record sales of $19.9bn, up 23 per cent. Earnings per share [illegible] to [illegible] from [illegible].

[illegible] months to July, [illegible] per [illegible] to [illegible] 12 per cent [illegible] $1.1bn and earnings per share [illegible] 12 [illegible] cent [illegible] 46 cents.

Until recently Wal-Mart had rewarded shareholders with compound earnings growth averaging 25 per cent a year, but that pace began to flag last year because of the poor performance of the warehouse club operations.

In the [illegible] quarter, [illegible] of the [illegible] rose by [illegible] per cent [illegible] $4.8bn, [illegible] that [illegible] because [illegible] added the [illegible] Membership Warehouse division bought from Kmart [illegible] year. On [illegible] store-for-store basis, [illegible] 3.6 per [illegible].

In contrast, [illegible] in the [illegible] Wal-Mart discount store division [illegible] 9.7 [illegible] ahead on [illegible] store-for-store basis.

The division's [illegible] rose by 22 per cent to $14.2bn, boosted by [illegible] and [illegible] acquisition and con[illegible] Woolco [illegible].

Mr David [illegible] chief executive, said the company's performance in a very competitive quarter, together with the planned conversion of the remaining Woolco [illegible] in Canada, made him "optimistic" [illegible] remainder of [illegible] year.

● J.C. Penney and Dayton Hudson, [illegible] of [illegible] biggest US department [illegible] groups, both reported continued profits growth in [illegible] quarter yesterday.

J.C. Penney increased net income by 17 per cent to $132m and Dayton Hudson more than doubled net income from $24m [illegible] $49m.

Goodman Fielder chief to quit

Australia's largest [illegible] Fielder, [illegible] chairman, [illegible] John Studdy, [illegible] down once [illegible] successor [illegible] found and that two additional [illegible] appointed, [illegible] reports from [illegible].

[illegible] company's [illegible] recently after a revolt by shareholders, led by Melbourne businessman [illegible] Doug Shears, [illegible] pany Agrifood Australia owns 3.5 per cent of the stock.

"[illegible] Mr Studdy has [illegible] full support [illegible] the board, [illegible] recognises the need for a succession plan [illegible] appointment in due course of an external successor," Goodman said.

"The chairman has indicated a desire and a willingness to stand down, when a successor has been found. This transition will ensure the stability of the board and will allow the board to continue its process of change."

Mr Shears had rallied three groups of institutional investors with a combined shareholding of just under 16 per cent to his side, and called for a shake-up in the Goodman boardroom.

Goodman has recorded flat profits for the past five years, resulting in its share price remaining little changed over the same period and making the company a regular subject of takeover talk.

Mr Shears has carried on a battle with the Goodman board for nearly [illegible] since his privately-owned food group [illegible] the Uncle Toby's [illegible] business [illegible] Goodman in exchange for Goodman shares [illegible] board [illegible].

However, Goodman later refused Mr Shears [illegible] following disagreem[illegible] with [illegible] ment [illegible] time.

Goodman [illegible] net profit of [illegible] on [illegible] A$4bn in [illegible] June [illegible].

Analysts expect the company to report a slightly poorer per[illegible] in [illegible]. Goodman shares closed 4 cents lower at A$1.34 yesterday.

Hasbro to merge toy operations

Hasbro, the US toys and [illegible] group, [illegible] reorganising and merging all its [illegible] toy operations [illegible] single entity, US Toy Group, [illegible] immediately, AP-DJ reports from Pawtucket.

Mr John O'Neill, [illegible] financ[illegible] officer, [illegible] that the company expected [illegible] quarter pre-tax charge [illegible] and [illegible] changes.

Under the reorganisation, the [illegible] name will [illegible] longer be [illegible] brand name for specific products, but [illegible] for corporate [illegible] only.

In [illegible] year's third quarter, ended September 26 1993, [illegible] reported [illegible] income of [illegible] share, [illegible] $812m. [illegible] the reorganisation [illegible] in [illegible] about 100 jobs, or about 9 per cent of its domestic toy work force. It [illegible] US [illegible] 7,600.

The reorganisation will [illegible] Playskool, Playskool Baby, Hasbro Toy, Kid Dimension and Kenner.

The group will report to [illegible] Alfred Verrecchia, [illegible] operating [illegible] all domestic toy operations. Mr Dan Owen, currently president [illegible] the Play[illegible] division, will be presi[illegible] of the US Toy Group.

The [illegible] said the reorganisation would allow [illegible] to bring new products to market more quickly and "to become even closer partners with our retailers".

The games segment of Hasbro's US operations, consisting of Milton Bradley and Kenner Parker, is not affected.

Shinawatra posts sharp advance

By William Barnes in Bangkok

[illegible] Computer [illegible] Communications, the Thai telecoms and computer group, has [illegible] profits [illegible] Bt1.21bn [illegible] for [illegible] first half, compared with [illegible] the same period last year.

The buoyant figures [illegible] helped by a sharp [illegible] in [illegible] profits to Bt784m at its mobile phone subsidiary, [illegible] Information Services, compared with Bt384m last [illegible].

Accounting adjustments have muddied the parent company's half-year advance, but brokers HG Asia reckon its forecast of Bt2.63bn net for the full [illegible] achievable. The parent company's second-quarter [illegible] profits jumped [illegible] Bt400.4m from Bt231m; Advanced's second quarter [illegible] to Bt784m.

[illegible] Computer has [illegible] per cent of [illegible] previously wholly-owned [illegible] investment arm, [illegible] International, with [illegible] strategic partners, giving the company an Bt840m after-tax gain. A further 20 per cent of Shinawatra International is due to be [illegible] to [illegible] public.

[illegible] Satellite, which [illegible] up [illegible] year, [illegible] of Bt16.2m.

S Korean oil groups move ahead

By John Burton in Seoul

Yukong, [illegible] refiner, reported [illegible] earnings up [illegible] per cent to [illegible] for the first half of 1994, while sales rose 7.4 per cent to Won2,857bn.

Growth was mainly due to higher sales at its petrochemical division, although advances [illegible] limited by price [illegible] its main petrol business.

Lucky, [illegible] petrochemical and consumer products group, had [illegible] 61 per cent increase in profits to Won41.9bn, while sales [illegible] by [illegible] per [illegible] Won1,301bn.

Earnings growth reflected [illegible] general recovery in the petro[illegible] sector as demand [illegible] from domestic [illegible] trial customers.

Ssangyong Oil, the third largest [illegible] oil refiner, reported [illegible] 61 [illegible] cent profit growth [illegible] Won70.8bn, while sales [illegible] by [illegible] cent to Won1,101bn.

Net losses at TWA deepen as new debt lifts interest costs

By Richard Tomkins

[illegible] Airlines, the struggling US [illegible]rier, deepened to [illegible] from $52.3m in the second quarter to June.

The airline [illegible] ended [illegible] period with [illegible] cash down from $135m at the end of the first quarter to just $116.5m.

The company said total revenues rose by 11.7 per cent to [illegible] and operating [illegible] fell from $31m a year earlier to $17.4m.

Interest payments, however, rose by [illegible] new debt [illegible] in [illegible] with [illegible] from Chapter 11 bankruptcy protection in November [illegible].

TWA, which is 45 per cent owned by its employees, has not made a profit since emerging from bankruptcy.

All its credit facilities are drawn, virtually all its assets are pledged, and it has insuffi[illegible] worth of debt falling due for repayment in January.

Earlier [illegible] month it announced plans to cut costs by shedding up to 3,000 jobs, or 12 per cent of its workforce.

It also announced the closure of its operations in Geneva and Zurich, Switzerland, and the suspension of polar flights between Los Angeles and Paris for the winter.

[illegible] hub [illegible] a substantial contributor to the latest operating loss. At the end of May, TWA reduced its presence at Atlanta, cutting daily flights from 57 to 11 and transferring them to its profitable St Louis hub in Missouri.

Mr Jeffrey Erickson, pro[illegible] from [illegible] operating [illegible] to [illegible]utive, [illegible] the [illegible] the need [illegible] employees [illegible] unite [illegible] efforts [illegible] "re-invent" [illegible].

"[illegible] moving forward quickly to finalise [illegible] new busi[illegible] plan and complete his[illegible] negotiations with our [illegible] improve productivity," [illegible] said.

Thinking Machines files for Chapter 11 after shedding jobs

By Louise Kehoe in San [illegible]

Thinking Machines, the company that pioneered the use of massively parallel processing (MPP) technology to build high performance supercomputers, has filed for court protection under Chapter 11 of the US bankruptcy code.

The Massachusetts company announced it has made about one-third of its 425 employees redundant and plans to reorganise, "to support the company's existing customer [illegible] and aggressively [illegible] technology through [illegible] other companies".

Founded in [illegible], Thinking [illegible] originated [illegible] idea [illegible] parallel computing, linking thousands [illegible] sive microprocessor chips [illegible] a powerful [illegible] computer.

The approach, which involves breaking down big computing problems into millions of discrete elements and solving them simultaneously, has transformed supercomputing technology.

"Together with our customers, we have opened a new frontier in computing. I am sad we have not been able to turn our technical successes into financial success," said Mr Danny Hillis, co-founder and chief scientist at Thinking Machines.

Like other companies in the supercomputer market, Thinking Machines has been hard hit by [illegible] in [illegible] defence spending. Competition from larger companies, in particular IBM and [illegible] its toll.

Thinking [illegible] not alone among MPP companies in facing financial problems. Cray Computer, a spin-off from Cray Research, has yet to sell a computer [illegible] has acknowledged that it [illegible] cash [illegible].

[illegible] Square [illegible] struggling [illegible] an [illegible] debacle in [illegible] overstated sales. Earlier this month the [illegible] laid [illegible] 80 people.

PepsiCo shares rise on buy-back

By Richard Tomkins

Shares in PepsiCo, the US soft drinks and fast food company, jumped $1⅛ to $32⅞ early yesterday after the company announced that it planned to resume buying back its own stock.

Under a share repurchase programme that came into effect in July last year, the company can buy back 39.6m, or [illegible] per cent, of its 792m shares in issue. The original programme authorised the repurchase of 50m shares, of [illegible] 10.4m have already been bought back.

PepsiCo's shares have been under a cloud since June when the company announced that a price war in the US cola market and [illegible] performances from its [illegible] food operations would result in flat second-quarter profits.

The share price plummeted by 9 per cent to $31⅛ on the news, and has been hovering around that level since.

Mr Wayne Calloway, chairman and chief executive, said: "With our seasonally strengthening cash flow and the relative valuation of our shares lower than it's been in years, buying PepsiCo stock makes good sense for us right now."

NEWS DIGEST

Exports help lift Hyundai Corporation

Hyundai Corporation, [illegible] trading arm [illegible] South [illegible] largest conglomerate, has reported a 47 [illegible] in net earnings, to Won5.3bn ($6.6m) for the first half of [illegible], writes John Burton.

[illegible] Won6,323bn.

The improved results [illegible] increased exports, which benefited from the weak [illegible] currency.

Lucky-Goldstar International, the trading house [illegible] the country's third-biggest industrial group, has reported a 157 per cent increase in profits, to Won3bn. Sales grew by 27.7 per cent to Won2,431bn.

Sunkyong Ltd, the fifth-largest trading house, suffered a 36 per cent fall in earnings, to Won3.2bn. It blamed growing investment costs, including the recent purchase of a controlling [illegible] in [illegible] Mobile Telecom, the cellular telephone monopoly. Sales [illegible] 5.9 per cent to Won1,566bn.

Ssangyong Corporation, the sixth-biggest trading company, had a 32 per cent fall in profits to [illegible], while sales rose by 15.6 per cent to Won1,354bn.

Korean power utility surges 70% midway

Korea Electric Power (Kepco), the state-controlled electricity monopoly, reported that net profits [illegible] Won391.5bn [illegible] the [illegible] half [illegible] 1994, writes John Burton.

Sales rose [illegible] to Won4,051bn.

Analysts [illegible] the profit growth mainly reflected a recent change in accounting rules [illegible] special depreciation charges. [illegible] charges depressed earnings last year.

Kepco [illegible] the largest company [illegible] on [illegible] bourse, accounting [illegible] about [illegible] of [illegible] capitalisation.

Record sales at Bunnings

Bunnings, the Australian timber, hardware and building [illegible], yesterday reported [illegible] 63 [illegible] in after-tax profits to A$30.8m (US$22.8m) for the [illegible] to June, [illegible] Emilia [illegible] in Melbourne.

Earnings before interest, tax and abnormals increased by 77 per cent to A$53.4m.

The earnings were struck on record sales of A$370m, which were 41 per cent higher than the previous year's [illegible].

The Perth-based [illegible] reported improvements in all operations, particularly in tim[illegible] and building products. However, it expects a [illegible] downturn [illegible] figures, as it is restructuring its hardware operations and expects a downturn in Australian home building.

It has declared a final dividend of 21 cents a share, fully-franked, bringing the full year's dividend to 40 cents.

New-town project hits Bangkok Land

Bangkok Land, the Thai property developer owned by the Sino-Thai Kanjanapas family, has reported a 76 per cent fall in first-quarter net profits, to Bt383.6m ($13.34m) from Bt1.4bn a year ago, writes William Barnes in Bangkok.

The company's Muang Tong Thani new town on the outskirts on [illegible] has [illegible] drain on resources, and there was also a foreign exchange loss of [illegible] Bt350m. Nevertheless, analysts expect the company to show a marginal improvement in full-year net profits.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

UK hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.39	18.85	20.77
0100	10.45	13.51	15.43
0130	10.45	10.45	10.45
0200	10.45	10.45	10.45
0230	10.45	10.45	10.45
0300	10.45	10.45	10.45
0330	10.45	10.45	10.45
0400	10.45	10.45	10.45
0430	10.45	10.45	10.45
0500	10.45	10.45	10.45
0530	9.89	10.45	10.45
0600	10.87	10.45	10.45
0630	10.81	10.50	10.50
0700	13.01	24.85	26.77
0730	16.67	24.85	26.78
0800	16.87	24.87	26.80
0830	21.51	24.92	26.86
0900	21.01	25.04	27.03
0930	26.89	25.21	27.24
1000	36.66	37.06	39.14
1030	34.95	37.18	39.30
[illegible]	27.06	27.51	39.57
[illegible]	31.45	[illegible]	42.30
[illegible]	34.88	[illegible]	42.48
[illegible]	34.88	[illegible]	42.51
[illegible]	31.57	[illegible]	41.82
[illegible]	26.05	[illegible]	27.27
[illegible]	22.57	[illegible]	27.09
[illegible]	21.59	[illegible]	27.03
[illegible]	21.59	[illegible]	27.01
[illegible]	21.60	[illegible]	27.00
[illegible]	21.60	[illegible]	27.06
[illegible]	29.27	[illegible]	30.67
[illegible]	29.32	[illegible]	30.73
[illegible]	29.26	[illegible]	30.69
[illegible]	29.15	[illegible]	30.32
[illegible]	21.59	[illegible]	26.60
[illegible]	17.86	[illegible]	26.76
[illegible]	16.67	[illegible]	22.31
2000	16.67	[illegible]	21.92
2030	13.92	[illegible]	21.92
2100	22.94	[illegible]	21.92
2130	21.00	[illegible]	21.92
2200	21.09	20.00	21.92
2230	16.67	[illegible]	21.92
2300	16.67	[illegible]	21.92
2330	16.67	[illegible]	21.92
2400	15.89	[illegible]	21.92

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left. [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible] Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. [illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. [illegible] Monday to Friday.
© Energy Settlements and Information Services Limited

First-half advance at Hyundai Motor

By John Burton in Seoul

Hyundai Motor, South Korea's largest manufacturer [illegible] cars, reported net profits of Won68.2bn [illegible] for [illegible] first half of 1994, a 343 per cent advance [illegible] the corresponding period last year, during which the [illegible] hit by almost [illegible] months [illegible] industrial action.

[illegible] rose by [illegible] per cent to Won4,270bn, buoyed by strong demand in the domestic market, one [illegible] world's [illegible] growing.

Exports have [illegible] increased as [illegible] result [illegible] the [illegible] won boosting foreign sales at the [illegible] Japanese models, [illegible] which have been hit by the strong Japanese yen.

However, Hyundai Motor Service, the group's [illegible] and maintenance subsidiary, suffered a 30 [illegible] cent fall in [illegible] earnings to [illegible] generous financing terms [illegible] part [illegible] marketing war [illegible] country's [illegible] companies. [illegible] by [illegible] per cent to Won2,269bn.

■ Kia Motors, [illegible] largest car producer, suffered a 30 per cent fall in profits to Won3.8bn [illegible] of investment [illegible] expands its [illegible] facility [illegible] Asan.

Profits [illegible] by the higher [illegible] of importing Japanese components [illegible] result [illegible] the stronger yen, which [illegible] caused foreign exchange [illegible] on [illegible] ny's yen-dominated [illegible] Kia [illegible] per cent owned by [illegible] the Japanese car company.

[illegible] by [illegible] per [illegible] to Won2,300bn.

■ [illegible] Motors, the Kia-controlled commercial vehicle manufacturer, achieved a [illegible] in profits [illegible] Won4.4bn, [illegible] sales [illegible] by [illegible] per [illegible] to Won608bn.

A recovery in facility and public infrastructure [illegible] tion [illegible] demand [illegible] range of heavy [illegible] and other [illegible].

Ecu loan for Spain gets strong response

By Antonia Sharpe

The Kingdom [illegible] Spain's recently-announced [illegible] five-year revolving credit facility [illegible] substantially [illegible].

Chemical Bank, [illegible] arranger, [illegible] excluding [illegible] own [illegible] mitment of Ecu1.65bn, [illegible] mitments totalling Ecu16bn had been [illegible] from [illegible] underwriting [illegible] Friday. Eighteen banks have [illegible] lead managers [illegible] banks as lead managers.

[illegible] result of [illegible] strong [illegible] commitments allo[illegible] senior [illegible] and [illegible] significantly [illegible] the targets [illegible] Ecu500m respectively.

Senior lead managers will be asked to underwrite around Ecu258m each and lead man[illegible]. Chemical's commitment has been [illegible] to [illegible].

General syndication will [illegible] or [illegible] which will give [illegible] opportunity to [illegible] further.

[illegible] are: [illegible] Central Hispanoamericano, Banco de Negocios Argentaria, Banco Santander de Negocios, Barclays Bank, Bayerische Landesbank Girozentrale, Bayerische [illegible], BNP Capital Markets, La Caixa, Commerzbank, Crédit Suisse, Dai-Ichi Kangyo Bank, Dresdner Bank, Fuji Bank, Industrial [illegible] Japan, [illegible] Bank, [illegible] Bank [illegible] WestLB.

The lead managers are Bank of Tokyo, Long-Term Credit Bank of Japan, Mitsubishi Bank, Royal Bank of Scotland and Sakura Bank.

Treasuries rally on news of higher rates

By Frank McGurty in New York and Antonia Sharpe in London

Longer-dated US Treasury bonds surged early yesterday afternoon after the Federal Reserve announced a move to lift short-term interest rates.

By 1.30pm, the benchmark 30-year government bond was 1 [illegible] higher at 101 [illegible], with the yield dropping to 7.405 per cent.

At the short end, the [illegible] year note was [illegible] firmer at 99 [illegible], to yield 6.175 per cent.

The reaction to the Fed's announcement was immediate. Prices on the inflation-sensitive long bond jumped on news that the central bank had decided to push up the Federal Funds target rate by 50 basis points to 4.75 per cent, and boost the discount rate by 50 basis points to 4 per cent.

The Fed said the action was intended to contain inflationary pressures, reassuring fixed-rate investors.

The move triggered the strong upturn even though it was widely anticipated. After a lacklustre session on Monday, dealers had ventured back into the market yesterday morning as the Fed's policy-making arm was convening.

In a change of heart, many traders had decided the market was poised for a rally, not a downturn, if the Fed meeting resulted in a more restrictive monetary policy, as most analysts believed it would.

As a consequence, dealers were busy "short-covering", that is replacing securities they had borrowed and resold in earlier sessions in the hope that prices would fall on the news of rate increase.

Those bets were hedged, as analysts guessed the central bank would not only put up rates, but do so aggressively.

When the Fed employed this two-prong approach on May 17, the last time it tightened credit conditions, bond prices across the [illegible] rose [illegible] the [illegible] signalled the beginning of period of rate stability.

Yesterday [illegible] said it expected [illegible] to [illegible] time".

Amid [illegible] speculation [illegible] Fed meeting, yesterday's [illegible] virtually ignored. The Commerce Department announced [illegible] July housing starts had risen 4.7 per cent, after [illegible] decline of [illegible] per cent in June.

GOVERNMENT BONDS

■ [illegible] in the US came [illegible] to [illegible] European government bond [illegible]. Earlier in the day, price [illegible] in Europe [illegible] a flight [illegible] quality as [illegible] high-yielding markets of Italy, Spain [illegible] for [illegible] relative safety [illegible] Germany and France. The high-yielding markets experienced [illegible] of [illegible] points [illegible] Germany and France [illegible] gains of around [illegible] point.

One dealer said the [illegible] out [illegible] the high-deficit [illegible] underlined the view among [illegible] the [illegible] imbal[illegible] were [illegible] going [illegible] and that the situation would only [illegible] in a bear market. However, volume [illegible] low [illegible] board as traders waited for [illegible] from [illegible] US.

■ In Germany, [illegible] Bundesbank's announcement that it [illegible] setting [illegible] fixed-rate [illegible] at [illegible] cent came [illegible] no [illegible]prise. This brings [illegible] end [illegible] run of four fixed-[illegible] which [illegible] Bundesbank put in place ahead [illegible] summer break.

The market [illegible] waiting to [illegible] if [illegible] central bank will revert [illegible] to [illegible] variable rate. The [illegible] due [illegible] meet tomorrow. [illegible] Liffe, the September bund future stood 0.45 point higher [illegible] trading [illegible] 91.96.

■ UK gilts were also among the day's outperformers, buoyed by [illegible] smaller than expected UK Public Sector Borrowing Requirement for July and the Confederation of British Industry's distributive [illegible] survey, which showed no signs of rampant [illegible] growth.

Mr Simon Briscoe [illegible] S. G. Warburg said [illegible] sets of [illegible] favourable for gilts [illegible] they eased the pres[illegible] for an early interest rate rise. However, he noted [illegible] the market still had to [illegible] through an important [illegible] for economic data. Today the Retail [illegible] Index for July [illegible] average earnings are due to be published.

[illegible] Liffe, the September long gilt future [illegible] 101 [illegible]. [illegible] volume of [illegible].

S&P affirms long-term credit rating for Turkey

By Conner Middelmann

Turkey's rating outlook may [illegible] stabilising following several credit rating downgrades [illegible] lier this year.

Standard [illegible] Poor's, [illegible] US rating agency, yesterday affirmed [illegible] B+ rating [illegible] Turkey's long-term foreign cur[illegible] debt. [illegible] also [illegible] removing Turkey from CreditWatch, [illegible] rating [illegible] is now [illegible].

Turkey's ratings came under heavy [illegible] from [illegible] deterioration in [illegible] country's public [illegible] sharp fall in [illegible] foreign [illegible] early in [illegible]. In January, S&P downgraded Turkey's foreign [illegible] rating to BBB– from BBB; in [illegible] again, to BB, [illegible] the country [illegible] placed on CreditWatch with negative implications; in April [illegible] again lowered, to B+.

[illegible] according [illegible] lat[illegible] rating [illegible] Turkey's improved [illegible] performance in [illegible] quarter of 1994, which, in turn, [illegible] helped [illegible] Turkish lira, partially [illegible] government's foreign exchange [illegible] greatly reduce inflation."

Warm welcome for Halifax floating-rate notes

By Conner Middelmann

The eurobond market [illegible] mired [illegible] torpor yesterday, and only a handful of new issues saw the light of day.

However, against the backdrop of rising US interest rates, a $500m five-year floating-rate issue for the UK's Halifax Building Society received a warm welcome. The notes, [illegible] coupon of [illegible] Libor, were issued [illegible] 99.645 where they yield 8 basis points over Libor.

While some traders felt the pricing was on the tight side, most said the issue met good [illegible]. "With [illegible] rising, people's appetite [illegible] floating-rate [illegible] growing," [illegible] syndicate [illegible].

According [illegible] at HSBC, [illegible] jointly [illegible] Brothers, the Halifax's debut in the dollar floating-rate [illegible] "went [illegible] expected," attracting demand from banks, institutions, building societies and money market funds.

[illegible] also supported by a recent dearth of supply in the FRN sector, which had caused yield spreads in the secondary market to narrow sharply.

Elsewhere, General Electric Capital Canada issued C$100m of 8¾ per cent five-year notes via Merrill Lynch. The bonds were priced to yield 10 basis points over the corresponding [illegible] benchmark, [illegible] appropriate given [illegible] previous [illegible] dollar [illegible] for [illegible] tighter spreads.

Aegon NV, [illegible] Dutch [illegible] pension [illegible]agement company, [illegible] in [illegible] US [illegible] with [illegible] of 12-year [illegible]. Despite [illegible] bonds' [illegible] maturity [illegible] status, [illegible] strong demand, [illegible] J. P. Morgan.

Although [illegible] is [illegible] to remain thin this week, [illegible] was [illegible] that Denmark might tap [illegible] euroyen [illegible] some structured [illegible] targeted [illegible] Japanese [illegible].

There was also talk that Jap[illegible] government-backed agencies might [illegible] 10-year dollar [illegible] soon.

● Barclays Overseas Investment [illegible] BV announced [illegible] early repayment of all [illegible] DM250m 8¼ [illegible] bearer bonds [illegible] 1998. Repayment of [illegible] bonds, [illegible] issued in 1983, will [illegible] place on December 1 at 101 per cent of [illegible] value.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Halifax [illegible]	500	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible] Lehman Brothers
CANADIAN DOLLARS							
[illegible]	100	[illegible]	[illegible]	[illegible]	0.25R	+10 (7¾%-99)	Merrill Lynch [illegible]
SWISS FRANCS							
Helaba Intl.Finance, Dublin(b)	100	[illegible]	101.75	Oct.1998	1.75	-	Zurich [illegible]

Final terms and [illegible] unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) 3-mth Libor flat. b) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	[illegible]	[illegible]	−0.280	[illegible]	[illegible]	[illegible]
Belgium		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		6.500	06/04	[illegible]	[illegible]	[illegible]	9.00	[illegible]
Denmark		7.000	[illegible]	98.1700	[illegible]	8.78	[illegible]	[illegible]
France	[illegible]	8.000	[illegible]	102.5000	−0.130	[illegible]	[illegible]	[illegible]
	OAT	5.500	04/04	[illegible]	+0.340	[illegible]	[illegible]	7.20
[illegible]	Bund	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	No 119	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK Gilts		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Treasury *		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London closing, *New York mid-day. Yields: Local market standard. [illegible]

US INTEREST RATES

[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

[illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

[illegible]

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	96.70	[illegible]	[illegible]	[illegible]
Dec	[illegible]	96.34	[illegible]	[illegible]	[illegible]	1424	2120

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

[illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

[illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

[illegible]

Ecu

■ ECU BOND FUTURES (MATIF)

[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

[illegible]

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Aug 16	Day's change %	Mon Aug 15	[illegible]	xd adj. ytd
1 Up [illegible] years (24)	120.46	+0.10	120.34	1.97	[illegible]
2 5-15 [illegible] (21)	138.98	+0.44	138.37	1.74	[illegible]
3 [illegible] 15 [illegible] (9)	155.42	+0.69	154.35	1.85	[illegible]
4 Irredeemables (6)	176.69	+0.47	175.86	3.08	[illegible]
5 All [illegible]	136.73	+0.37	136.23	1.89	[illegible]

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

هكذا ورد الأصل

COMPANY NEWS: UK

Rising car sales help Evans Halshaw to £7m

By Paul Cheeseright, Midlands Correspondent

Geoffrey Dale: acquisitions have doubled the size of the group

Evans Halshaw, the [illegible] Midlands-based motor distributor, almost doubled first half profits as it increased car sales sharply, sustained its after-market business and pushed operating margins to a five year peak.

In the six months to June 30, pre-tax profits rose 85 per cent to £6.91m (£3.73m), producing earnings per share of 19.6p, against 11.3p.

The group declared the interim dividend of 5p (3.8p) promised last June when it announced a recommended offer of £32.6m for Davenport Vernon [illegible] the market to raise [illegible] with a 3-for-10 [illegible] issue.

Yesterday [illegible] intention [illegible] interim should represent [illegible] mately [illegible] third [illegible] the [illegible] the year". [illegible] year [illegible] of 18p [illegible] paid.

Turnover [illegible] (£189m) boosted by the 1993 takeover of the TK Group, which contributed 12 percentage points of the rise.

The Davenport takeover and the purchase of the smaller GT Cars came too late to affect the first half figures.

Mr Geoffrey Dale, chairman, said the acquisitions had doubled the size of the group and it would now be concentrating on developing the enlarged company.

Operating profits climbed to £8.37m (£4.98m), helped by a 40 per cent increase in the sales of both new and used cars to a total of 23,000 units.

The increased shifted the balance of the group's business. Car sales accounted for 39 per cent of turnover, compared with 31 per cent in the 1993 first half, while the staple source of revenue, servicing and parts sales, fell from 62 per cent to 54 per cent.

[illegible] continued strongly. Mr Dale said that for August, the first month of the new registration year, it had been "seeing an increase in new car sales of over 10 per cent on a comparable basis to last year". The national increase for the first 10 days of the month was 3.7 per cent.

Operating margins rose to 3.1 per cent, the first time the figure has been above 3 per cent since 1989, compared with 2.6 per cent for 1993 and 1.6 per cent for 1992.

Brymon's passengers to exceed 400,000

By Roland Adburgham, Wales and West Correspondent

Brymon Airways, the Plymouth-[illegible] regional airline rescued by British Airways in August last year, said yesterday it expected passenger numbers to be up by a third this year to over 400,000.

Mr Mike Jones, managing director, said: "In July Brymon flew 37,000 scheduled passengers at an average load factor of 70 per cent, remarkable figures for short-haul domestic operations, and a record".

Brymon flies to 10 destinations, including Paris and Frankfurt, from its hub airport at Bristol.

Mr Jones acknowledged the airline had had a reputation for unreliability but said, since January, it had met or exceeded punctuality targets.

British Airways, which had held [illegible] per [illegible] Brymon since 1985, took over the whole of the lossmaking airline last year and markets its services under a franchise arrangement.

The airline said it was now trading well above budget. "What we are proving is that BA can operate at a local level, providing the cost and operational structure can be kept in line with the type of service provided," Mr Jones said. "Brymon as BA is doing a whole lot better than Brymon as Brymon Airways."

He said the airline was seeking slots at Manchester and Düsseldorf airports for services from Bristol. It also planned to improve its operations from Heathrow to Plymouth and Newquay. It intends to examine the possibility of using Heathrow's crosswind runway to give extra capacity, using a special access landing system pioneered in the US.

Robert Lowe back in black

Robert H Lowe, the clothing, printing and packaging company, returned to the black with a pre-tax profit of £305,000 for the six months to April 30, compared with a loss of £1.28m.

The group, which raised £3m via a placing and open offer in July, saw turnover increase 37 per cent to £5.59m, although Mr David Sebire, chairman, said that results were flattered because sales to certain customers were brought forward "compared with normal experience".

He warned that this meant the full-year figures were unlikely to increase proportionately, despite the second half traditionally being better than the first.

The placing and offer reduced borrowings by £2.5m, bringing gearing to "an acceptable level".

Earnings per share were 0.67p (losses 2.83p).

Pulling together the Asia-Pacific region

Co-ordination is key for Rolls-Royce's new regional director, writes Andrew Baxter

TACKLING ASIA'S TIGERS

One of the most important recent developments in the way UK engineering companies approach the Asian market has been the appointment of top executives with group responsibility for the region or a large part of it.

A classic example – mirrored in the two companies already covered in this series – was Rolls-Royce's appointment of Mr Timothy Jones as regional director, south-east Asia, about 18 months [illegible]

Mr Jones spent a year in London "selling" his job internally to Rolls-Royce's aero-engine and industrial businesses, before moving to Singapore in February.

"I'm here to take a corporate standpoint on regional activity," he says. "It was a conscious decision to co-ordinate things better, and to get leverage between the different parts of the business."

Mr Jones' region covers 10 countries from Burma to the Philippines and Brunei. Rolls-Royce already has regional executives, with [illegible] in Bangkok, Kuala Lumpur, [illegible] and Singapore, reinforced by sales directors for the specific sales businesses, and project development [illegible] which come out from London. In an era when companies are more likely to remove levels of management, it is a measure of the importance Rolls-Royce [illegible] the region that [illegible] Jones has [illegible] "superimposed" on this structure to pull things [illegible]

The [illegible] region already [illegible] per [illegible] of Rolls-Royce's $10bn [illegible] Mr Jones says he would not be surprised if that percentage rises, just as he hopes the total will increase in real terms too. "I would be bitterly disappointed if the region's share falls," he says.

The aerospace side accounts for 55 to 60 per cent of business in the region, but the aim is to achieve an [illegible] between aerospace and the industrial businesses. Mr Jones points to a number of steps already taken beyond the region, which should help the company's prospects in the power generation market [illegible]

Restructuring at Parsons, Rolls-Royce's [illegible] power equipment company, has turned it into a turnkey supplier, he says, while Rolls-Royce's wide-ranging co-operation agreement with Westinghouse Electric of the US has given it a broader appeal than it could have achieved on its own, [illegible] it did not have [illegible] product [illegible]

With Rolls-Royce's [illegible] rived engines and [illegible] to [illegible] heavy-duty Westinghouse gas turbine range, Rolls-Royce and Parsons can look beyond the medium-sized power stations that have been its traditional strength.

In July, Parsons won its first turnkey power station order in Indonesia – a $90m order for a 60MW station in East Kalimantan. The deal covered all the electromechanical equipment, including two RB211 gas turbine-generating sets, and the civil works.

At the larger end of the business, building a 1,000MW station was a possibility, but was a huge effort before the link-up with Westinghouse, says Mr Jones. Even so, Rolls-Royce's approach to the region will remain discriminating: "It would be wrong to target a whole spectrum of activities and go into all sorts of build-own-operate and other projects [illegible] have [illegible] size," he says.

Power generation, as at this station in Singapore, is crucial for Rolls-Royce's Parsons company

As a consequence of his position, Mr Jones says he cannot view one part of Rolls-Royce's business in isolation, and especially wants to transfer to the industrial power business the experience gained from the risk- and revenue-sharing agreements made in the aero-engine business over the past 10 years.

"It makes perfect sense for me to come to this region from London, look at what are the best ways of forging ahead and achieving better business in the future, and what is the logical way to co-operate with local industry," he says.

One such venture, announced in February, has not exactly proceeded to plan. Rolls-Royce has formed a joint venture with EPE Power to meet the growing demand for power transmission equipment in Malaysia; a few days later, the Malaysian government announced its ban on UK companies winning public contracts.

Mr [illegible] "It's [illegible] to make progress on a venture designed to tackle government projects when there's a ban on doing business with [illegible] But [illegible] ban comes [illegible], hopefully we can get on with the job we set out to do."

He stresses, though, that the ban [illegible] not [illegible] embargo. There has been no noticeable effect on private-sector business, and Rolls-Royce is still discussing potential projects with independent power producers. "We are still talking at all levels," he says. "We're just not able to do things while there's a ban in place."

Malaysia [illegible] Rolls-Royce's best chance in an area where Mr Jones believes it is well-placed [illegible] – refurbishing power stations. A £70m project [illegible] Connaught [illegible] power [illegible] near Kuala Lumpur to more efficient combined-cycle operation [illegible] completed [illegible] September.

Elsewhere in the region he sees plenty of potential, though some of it, such as in Laos and Cambodia, offers less immediate prospects. In Burma, Mr Jones hopes to build on the links generated from being a long-term supplier of aero-engines to break into the power business, possibly in [illegible] form [illegible] partnership.

In Thailand, Rolls-Royce [illegible] exploring a number of projects in [illegible] in Indonesia, [illegible] country where it [illegible] aero-engines, Mr [illegible] opportunities "right [illegible] the spectrum".

The [illegible] power station deal, he hopes, will lead [illegible] more in Indonesia. There [illegible] opportunities for [illegible] Cooper-Rolls joint venture, which pro[illegible] oil and [illegible] industry, while Rolls-Royce's cranes and materials handling equipment businesses [illegible] benefit [illegible] port development work.

Previous articles in this series appeared [illegible] August [illegible] and August 18.

COMPANY NEWS: UK AND IRELAND

European and North American operations fuel first-half growth

Sedgwick advances to £63m

By Richard Lapper

Buoyed by growth in its European and North American retail operations, Sedgwick, the insurance broker, yesterday reported pre-tax profits of £63.4m for the first six months [illegible] compared with a restated £55.8m [illegible] time.

The result was [illegible] the top end [illegible] market expectations, but [illegible] greeted without enthusiasm by investors, with the [illegible] closing unchanged [illegible] 169p. Analysts [illegible] disappointed by [illegible] per cent underlying decline in [illegible] at Noble Lowndes, the employee benefits consultancy acquired last year, as well as continued [illegible] in [illegible] US insurance market from where the group obtains more than 30 per cent of its revenues.

The interim dividend is held at 3p, while earnings per share were 7.3p (restated 7.6p).

[illegible] and fee growth [illegible] particularly buoyant in retail operations, with growth exceeding 5 per cent in all geographical areas. However, the wholesale and specialist broking operations were affected by difficult trading conditions in the London market.

On an underlying basis, excluding acquisitions, broker[illegible] increased by 2 per cent to £457.1m, compared with an underlying increase of 1 per cent in expenses to £409.2m.

Mr Sax Riley, chief executive, said that the results were "in line with our plans. Revenue generation, together with tight expense control, continues to be our major objective."

Interest and investment income fell by 13 per cent in underlying terms to £20.1m, partially reflecting lower interest rates in the UK and continental Europe.

Sedgwick also announced that together with Transamerica Corporation, with whom it shares ownership [illegible] River Thames Insurance, it [illegible] injecting £25m cash into the subsidiary.

This brings the total capitalisation of River Thames, in which Sedgwick owns a 49 per cent stake, to over £50m. It will allow the company, which specialises in London market business, to take advantage of "improved underwriting opportunities".

Sedgwick also intends [illegible] increase its stakes in two small [illegible] subsidiaries, Sedgwick [illegible] in Bermuda and Sedgwick Insur[illegible] in Botswana, from 50 per cent to 100 per cent and from 70 per cent to 95 per cent respectively.

● COMMENT

Sedgwick's management seems to be doing [illegible] right things. Margins have been squeezed through tight expense control and the acquisition last year of Noble Lowndes makes sense from a strategic perspective, diversifying the group's revenue base and making it less dependent on sometimes volatile commission income. However, despite encouraging growth in [illegible] insurance business, many of its markets are low growth. Nor does the US market provide much encouragement, with insurance rates disappointingly flat. The current weakness in the dollar is another unfavourable factor and Sedgwick could also find the going tough in the London market. Full year pre-tax profits of about £95m for 1994 should be possible, giving earnings of about 10.7p and a prospective multiple of 15.8. But at the present price the [illegible] appear to be fully [illegible]

Kalon 15% ahead and seeking purchases

By Peggy Hollinger

Kalon, the decorative paints group, is on the look-out for acquisitions in continental Europe after a first half which saw pre-tax profits rise 15 per cent, from £8.7m to £10m.

[illegible] Mike Hennessy, managing director, said Kalon was ready to take on acquisitions following the success of the February 1993 purchase of Novodec in France. The group would look for potential targets in Germany and France, and pay cash for anything up to about £25m, he said. "It is more likely to be a small acquisition for cash than a large one for paper," he said.

Kalon's results for the six months to July 2, which were struck on sales 10 per cent ahead at £83m, reassured analysts and investors unsettled by the recent rise in raw material prices. These had increased by about 0.2 per cent, and had been largely offset by savings on larger volumes arising from the Novodec purchase. Mr Hennessy said higher raw material prices were unlikely to affect profits in the second half.

The UK paint market continued to stagnate, with volumes almost static and revenues falling by 1 per cent. Mr Hennessy said that the promotional price-cutting of a year ago had largely disappeared and prices seemed to have stabilised. Kalon had coped with the soft market by introducing lower priced paint products, rather than cutting the prices of existing paints.

Kalon also benefited from its increasing emphasis on serving trade customers through its Leyland paint centres and squeezing overheads by some £475,000. While the group's sales to retail customers fell by more than 10 per cent, trade sales rose by [illegible] amount. The UK paints division was just 0.5 per cent ahead to £6.2m on sales down 4 per cent to £48m.

Novodec contributed profits of £3.5m, against £2.45m for five months. Kalon has opened its first trade paint centre in France and plans another for the turn of the year. Vallance, the UK sundries business acquired in February, almost trebled profits to £414,000.

Earnings per share rose to 5.17p (4.46p). The interim dividend is lifted to 1.5p (1.3p).

● COMMENT

Kalon has become a victim of its own success. Having dealt with the management problems of the late 1980s, and established itself as a leading own-label paint manufacturer, it has to find a new angle for growth or stagnate. Repeating the success story in continental Europe seems logical. Everything now depends on Mr Hennessy's talent for spotting the right acquisitions. He will have to do something soon if he wants to alleviate fears about the effects of rising raw material prices and a dull UK market. Forecasts are for about £22m this year, which leaves the shares on a prospective p/e of about 15 times. Not a compelling buy, but the prospects could be intriguing.

Decline at Micro Focus prompts 18% share fall

By Alan Cane

Shares in Micro Focus, the Berkshire-based computer software company, fell 18 per cent – from £10.63p to 865p – [illegible] first-half figures well below both market expectations and last year's result.

Profits before tax for the six months to July 31 fell from £7.8m to £4.7m. Earnings per share came out at 32.9p, against 53.5p.

Analysts yesterday cut pre-tax profit estimates for the full year from more than £22m to about £15.5m, giving a prospective p/e of about 12.

Opinions in the City differed on whether the company should have flagged the extent of the shortfall earlier. In May, it had taken the unusual step of issuing an encouraging first-quarter statement.

Mr Paul O'Grady, chairman, said that no warning had been made because the company did not know the full extent of the profits decline until the end of the half year. Historically, the company finishes the first half with a surge, but this had not taken place this year. He said: "The overall revenue growth of 6 per cent, combined with a planned increase in costs of 23 per cent, resulted in a decrease in earnings for the half."

Revenues were £42.9m, compared with £40.8m. Total costs and expenses, however, rose to £36.9m compared with £30.1m. No dividend will be paid, in line with company policy.

Micro Focus is undergoing a painful transition. Its early success was based on software which made it simpler for programmers to write Cobol, the most common mainframe computer language. At one time its shares reached £30, driven by US investment.

The mainframe market is in decline, however and, following an adverse brokers' report last year, US interest waned. Only about 20 per cent of the stock [illegible] now held [illegible] American Depositary Receipts, compared with [illegible] per cent two years ago.

The company has been investing heavily to take advantage [illegible] new markets for [illegible]ked computer systems. Mr O'Grady said that more than half the company's revenues now came from products for the more modern technologies. He agreed, however, that the current year was unlikely to improve [illegible] match the £21.7m pre-tax achieved last year.

Mr O'Grady said investment would be maintained, but [illegible] were in progress to tighten financial controls. Mr Brian Reynolds, a co-founder, had returned to an active role in the company.

Few, if any, companies can change their technological *raison* [illegible] without damage. Mr O'Grady promised [illegible] give investors an update on progress at the end of the third quarter.

Cantab losses rise to £1.85m at six months

By Paul Abrahams

Cantab Pharmaceuticals, the biotechnology company quoted both in London and on Nasdaq in the US, yesterday reported losses increased from £1.24m to £1.85m for the first half of 1994.

The results were in line with expectations, said Dr Paul Haycock, chief executive of the Cambridge-based company. Operating losses widened from £1.4m to [illegible], [illegible] fell from £618,000 [illegible] £424,000. [illegible] income improved [illegible] £157,000 to [illegible], following the [illegible] placing [illegible] October.

Research and development spending rose from £1.51m to £2.17m over the same period, as the company developed its herpes and genital warts treatments.

Losses per share fell from 21p to 19p.

Dr Haycock said the company had net cash of £17.8m, and while he did not expect to ask investors for additional funding this year, he did not rule out returning to them next year.

Cantab expects to start final stage European clinical trials for its most advanced product, LM-CD45, a drug designed to reduce the incidence of rejection in kidney transplant operations.

Pifco considers enfranchising A shares in expansion plans

By Reg Vaughan

Pifco Holdings, the household appliances manufacturer, yesterday indicated the possible enfranchisement of its 6.92m A shares with the resultant loss of family control, in place since the company's creation at the turn of the century.

The move was announced as the Manchester-based company reported increased pre-tax profits, earnings per share and dividend for the year to end-April.

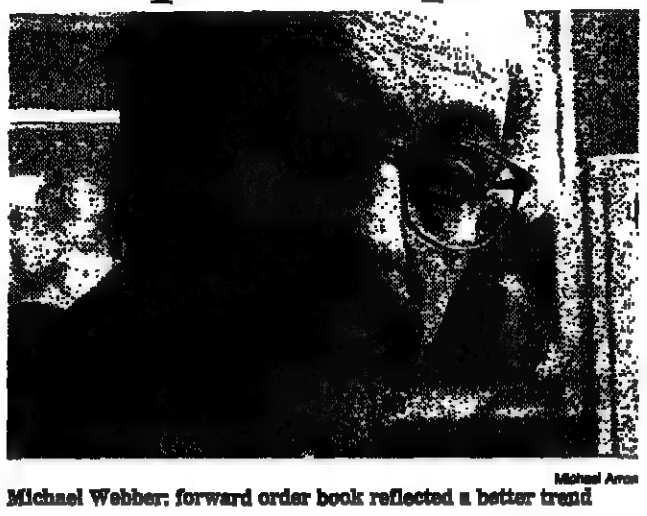
The [illegible] 10p to 358p.

[illegible] Webber, chairman [illegible] a [illegible] of the company's founder, [illegible] the A shares, at present entitled to one quarter of a vote, would be enfranchised at the same time as a rights issue to fund an acquisition.

He said yesterday that the [illegible] was continuing [illegible] for expansion in mainland Europe and [illegible] an acquisition [illegible] "in the works". The [illegible] was in [illegible] with a number of European-based groups.

The company, best known for its [illegible] Hobbs, [illegible] and Tower household products, lifted profits by 21 per cent to £2.65m (£2.2m) on turnover marginally lower at £36.8m [illegible]

[illegible]ting margins rose from 5.5 per cent to 6.8 per cent.



Michael Aron

Michael Webber: forward order book reflected a better trend

Earnings per share were 20 per cent higher at 15.4p (12.8p). The dividend is raised by 9 per cent to 4.5p (4.13p), with a recommended final [illegible] 2.6p, increasing cover from 3.1 to 3.4 times.

Mr [illegible] improvement reflected increased efficiency and profitability at the Russell [illegible] division and general cost [illegible] throughout [illegible] group.

He added, however, [illegible] the [illegible] had experienced [illegible] year. [illegible] showed "[illegible] good recovery from a [illegible] base" [illegible] quarter but a [illegible] second" [illegible] improvement [illegible] continued into 1994-95.

Overall group sales for the first quarter of [illegible] current [illegible] encouraging improvement, Mr Webber said, and [illegible] forward [illegible] book reflected a better trend.

He [illegible], however, that as the group sought increased volume [illegible] come under pressure but he expected "profits to increase as a result of the more focused [illegible] to the market place".

US side behind growth in Irish Life premium income

By Tim Coone in Dublin

US growth continued to be the main driving force behind increased premium sales at Irish Life, which reported a 5.8 per cent rise in total premium income to I£360.1m (£355m) for the six months to June 30, against I£340.2m.

Premium income [illegible] Interstate, the Dublin-based assurance company's [illegible] subsidiary, increased by [illegible] per cent from I£62.3m to I£84.8m.

Even stronger growth in the second half is anticipated following completion next month of a $51.1m acquisition of the Boston-based First Variable Life, which is licensed to sell unit-linked products throughout the US.

Group revenue growth has remained [illegible] however, [illegible] of [illegible] per [illegible] fall [illegible] income [illegible] I£135.6m (£154.6m), primarily due to a [illegible] short-term interest rate environment compared with the [illegible] first half.

The [illegible] period's figures [illegible] include David, its Norwegian business sold for I£12m in May.

New recurring premium business in the core Irish activities grew by 11 per cent from I£26m [illegible], taking the [illegible] (I£141.8m). The upturn is seen as important, as this sector has been facing intense competition in recent years by new [illegible] to the market and attractive tax-based investment alternatives.

Single premium sales were up by a more modest [illegible] to [illegible]. Sales of individual investment products [illegible] "particularly buoyant", rising 38 per [illegible] to I£44.6m.

Total new business in the UK fell by 37 per cent to I£13.2m (I£21m), a trend which is expected to continue into the second half as the company scales back its appointed representative distribution network.

The company said that "good progress" had been made in its cost reduction programme in Ireland, which [illegible] expected [illegible] complete by the end of the year. Management expenses were down by I£2.2m to I£45m in the first half.

As a [illegible] is not carried out [illegible] the interim [illegible], the company's policy is to maintain an unchanged [illegible] dividend at 3p.

Brokers, however, [illegible] an 8 per cent [illegible] increase for the full [illegible], and 6 per cent growth in [illegible] value to I£590m.

Scantronic shares dip 25%

By Simon Davies

Shares in Scantronic [illegible] fell 25 per cent [illegible] security [illegible] manufacturer [illegible] announced a deeply [illegible] share offer to stave off substantial cash flow difficulties.

The shares closed 6¼p lower at [illegible] after the [illegible] announced [illegible] £1.6m share offer, which accompanied a statement that it would incur a [illegible] the first half [illegible] current year.

The open offer of 16.1m new shares is being launched at 10p a share, and was required before Barclays, its bankers, would extend further loans to tide the company over the peak manufacturing period. It is understood that the company may have breached existing banking [illegible]

Scantronic, [illegible] shares have fallen from a [illegible] high [illegible], [illegible] with increasing debt from acquisitions, and had £11.2m debt at the end of June, up from £3.5m in March 1993.

Profits have been hampered by legal actions related to some of the acquisitions. In addition, sales have been hit by recession in Europe, and UK profits faltered during April and May.

However, the company is confident that after taking a number of one-off costs in the first half of the year, it would "see a steady return to normal trading," and reap the benefits from substantial investment in new products.

The company also announced pre-tax profits of £1.89m (£1.27m) for the year to March 31. This compared with a statement on July 25 that it would make profits of at least £2.75m. However, the difference was accounted for by a change in accounting policy, under which [illegible] and development costs are no longer capitalised.

Turnover rose from £39.1m to £50.2m, but the core UK manufacturing business saw [illegible] fall [illegible] £3.3m to £2.58m, primarily [illegible] to lower sales to Europe. UK [illegible], however, continued [illegible] rise.

In the first half of next year, the company will take on substantial costs related to its financial reorganisation – it incurred a £240,000 deficit from the sale of Gardiner Group loan stock to meet financing requirements – which will result in a loss.

The company has replaced the finance director following [illegible], and may face compensation claims, which could further [illegible] profits.

The final dividend is passed – the [illegible] interim compares with a previous 3.121p total. [illegible] per [illegible] 0.46p [illegible]

Bowater buys window company for £35m

By Peggy Hollinger

Bowater, the packaging, printing and coated products group, yesterday announced its [illegible] acquisition this year with the purchase of a windows manufacturer for £34.75m in cash and a further performance-related deferred payment of up to £5m.

The Midlands-based WH Smith & Sons (Extrusions) fabricates plastic window units as well as manufacturing the PVC-u surrounds. The company is believed to have about 10 per cent of the UK public sector market.

Mr Michael Hartnall, finance director, said the acquisition would bring two benefits to the group's Bowater Windows subsidiary. "First we will get window profiles from the UK and second, it is a way for us to get into the commercial market," he said.

Bowater Windows, which is estimated to make profits of about £15m on sales of £160m, claims about 10 per cent of the UK market for sales to residential customers. It sells direct to consumers, as well as supplying systems to local retailers.

The purchase had been prompted by the strong increase in the value of the D-Mark, [illegible] Hartnall said. [illegible] Windows [illegible] importing [illegible] profiles from Germany, but exchange [illegible] changes had [illegible] prices prohibitive.

The acquisition is expected to enhance earnings in the first year.

Smith returned operating profits of £4m for the year to April 30, on sales of £20m. Its net assets at the end of the financial year were £9.3m.

[illegible] sold to the vendors after April 30 for their net book value of £1.7m.

NEWS DIGEST

Angerstein asset value at 90.28p

Net asset value at Angerstein Underwriting Trust, set up last year to provide corporate capital to the Lloyd's insurance market on a limited liability basis, was 90.28p per share at May 31.

For its first accounting period – from September 17 1993 to May 31 – net revenue after tax was £819,000.

Earnings per share came out at 1.21p and a dividend of 1.2p is declared. The board said it intends total dividends for the 12-month period to be not less than 2p.

SCI/Great Southern

Service Corporation International, the US funeral group which has lifted its offer for Great Southern Group to 775p a share, now owns or has received irrevocable undertakings to accept in respect of 9.24m ordinary and 4.87m convertible shares, 77.9 per cent and 71.7 per cent respectively.

Dixons

Mr Stanley Kalms, chairman of Dixons, the electrical retailer, has waived his bonus payment for the second successive year, according to the annual report.

Mr Kalms, who waived a payment of £35,000 due under his service contract in 1992-93, refused a similar payment of £55,000 for the year to April 1994. Mr Mark Souhami, deputy chairman, also waived a £37,000 bonus.

The chairman's total remuneration, however, still rose by 6 per cent from £563,000 to £598,000. Mr Souhami's was virtually unchanged at £305,000.

TT/Dale

TT Group, which has made a recommended offer for Dale Electric International, now speaks [illegible] 7.48m [illegible] (32.76 per cent) in the North Yorkshire-based generator manufacturer.

The offer [illegible] 70.25p for every Dale share values the company [illegible] £16m. There is a 1-for-5 share alternative.

The first closing date for the offer is August 19.

Emap/Trans World

The £71m bid by Emap, the media concern, for Trans World Communications, the Preston-based local radio group, has been declared unconditional.

By 3pm on August 15, Emap had received acceptances in respect of 9.04m Trans World shares (23.1 per cent), which together with shares already held, gives Emap control of 52.7 per cent of the equity.

Mr Owen Oyston's holding of 22.1 per cent was included among the acceptances.

The cash offer will remain open but the loan note alternative and loan note mix and match election will both close on September 13.

Biotrace

Shares in Biotrace Interna[illegible] 15p to 144p yester[illegible] microbiological [illegible] company announced a marketing agreement with Henkel-Ecolab's P3 division covering the sale of its Uni-Lite systems in France and the Nordic countries.

Henkel-Ecolab, a joint [illegible]ture between Henkel, the [illegible] group, and Ecolab, [illegible] US hygiene company, is a leading supplier of cleaning and sanitising products in Europe [illegible] it has [illegible] of [illegible] (£484m) a [illegible] and a sales force of 2,100.

US Smaller

US Smaller Companies Investment Trust reported basic net asset value per share up from 141.1p to 146.3p over the year to June 30.

The fully diluted figure was 138.6p (134.3p).

Net revenue increased from £216,000 to £353,000 as income advanced to £899,000 (£571,000). Earnings per share were 0.71p (0.64p) and a single final divi[illegible] of 0.5p (0.3p) is proposed.

Cater Allen

In a deal [illegible] in June, Cater Allen Holdings, the discount house and banking group, has bought Compass Trust Group, a Jersey-based trust, [illegible] £8.11m [illegible]

The trust had net tangible assets at date of purchase of about £275,000. Adjusted pre-tax profits for the year to April 30 were £1.2m.

Green Property

Green Property, the Dublin-based investment group, is buying Wanze Properties (Ireland) from Merchants Investor Assurance Company.

The purchase consideration is I£9.9m (£9.7m) and will be paid by way of the discharge of borrowings by Wanze to Merchants Investor. It will be met from Green's internal resources.

Wanze – a subsidiary of Cornhill Insurance – owns four shopping centres in Ireland with a current combined rental income of about I£1.3m.

Skipton

Skipton Building Society reported pre-tax profits of £7.04m for [illegible] six months to end-June, a 69 per cent increase on last time's £4.17m.

[illegible] rise was partly attributable to a fall from £17.1m to £15.5m in provisions for bad and doubtful debts.

Assets dipped slightly [illegible] £2.91bn to £2.85bn.

Regal Hotel

Regal Hotel Group, the USM-traded provincial hotel operator, reported pre-tax profits of £5,000 for the six months to July 3, against £944,000, which included an exceptional credit of £1.24m.

During the period the company acquired six hotels for a total of £12.1m and raised £13.5m through two placings and open offers. The results included only three weeks trading from the four hotels acquired in June for £9.5m.

Turnover was £2.27m (£1.23m). The pre-tax figure was struck after interest charges of £49,000, compared with income of £14,000. Earnings per share came out at 0.001p (0.33p).

Pacific Media

Pacific Media, the cinema and television concern, is raising £6m through a placing and open offer of up to 213m new ordinary shares at 3p each. The open offer is on a 1-for-4 basis.

Mr Michael Buckley, chairman, said the group had concluded four significant agreements during the past year, concentrating on south-east Asia, and the proceeds would go towards meeting commitments arising from them.

The company has arranged for trading in its ordinary and preference shares to switch from the USM to Rule 4.2 (a).

Prudential

Prudential Corporation's US subsidiary, Jackson National Life Insurance, saw pre-tax profits fall from $118.5m to $71.6m (£46.1m) in the six months to end-June. There was a further $4.6m from capital gains against $55.1m.

Premiums dropped from $1.31bn to $1.07bn, though investment income [illegible] slightly from $685m to $703.9m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Angerstein Tst	fin	1.2	Sept 30	-	1.2‡	-
Evans Halshaw	int	5†	Oct 14	3.8	-	13
Hanson	int	3‡	Oct 3	2.85	-	11.4
H'ton Kilbride	fin	1¥	Oct 3	3	2.7	4.5
Irish Life	int	3§	Nov 25	3	-	8.12
Kalon	int	1.5	Oct 3	1.3	-	4.2
Pifco	fin	2.6	Oct 3	2.375★	4.5	4.125★
Scantronic	fin	nil	-	2.331	0.843	3.121
Sedgwick	int	3	Oct 24	3	-	6

Dividends shown pence per share net except where otherwise stated. †On increased capital. ★ Adjusted for sub-division. ‡Third quarterly, making 8.55p so far. ‡Covers period from incorporation on September 17 to May 31. §Irish currency. ¥Replaces an original 3.2p.

مشكلة في الأصل

هكذا في الأصل

PEOPLE

WEW loses another top man

Ian Grabiner has resigned as managing director [illegible] WEW, which runs [illegible] What Everyone Wants discount stores, in what the company says is an "amicable arrangement".

His departure will nevertheless come as [illegible] blow to the Glasgow-based group which is trying to restore stability after a series of departures – the company has had three chairmen in less than two years – and is [illegible] in a rapid expansion programme following December's refinancing.

Peter Carr, [illegible] chairman since last year, says Grabiner's contribution in his five [illegible] WEW, previously known [illegible] Amber Day, had [illegible] "considerable", but Grabiner had now decided [illegible] look at new opportunities.

Carr says reports suggesting differences [illegible] opinion between Grabiner and the company's new management were unfounded. "We are going through a period of [illegible] change here, moving into a new gear. Ian felt he had made his contribution and wanted to move on to other things."

What Everyone Wants, previously owned by [illegible] and [illegible], was acquired by Amber Day in 1990, but has been dogged by problems since then with [illegible] departure [illegible] chairman Philip Green in September 1992, and of his successor Stacey Ellis seven months later. Chief executive David Thompson resigned last year.

The group now plans to double the number of stores to 125 over five years, and will be opening 12 in the next three months. Peter Carr says recent trading has been encouraging, with like-for-like sales increases – which exclude new stores – of 5 to 6 per cent in recent months.

Carr is taking over the managing director's responsibilities for the foreseeable future, but [illegible] new MD may [illegible] appointed eventually.

Cottrell quits Midland

Alison Cottrell, the much-quoted bond analyst at Midland Global [illegible] to be living close to the edge. [illegible] Midland, [illegible] the HSBC [illegible] has just announced spectacular losses of £123m on bond and interest rate-related trading during the first half of this year, she is leaving for Kidder Peabody, the US house which has been dogged by a bond trading scandal for much of this year. Cottrell, 30, will start at Kidder, owned by General Electric, in October.

■ **David Cockrell and Robin Poynder** have been appointed directors of CHARTERHOUSE Bank; **Christopher Hardie, Benjamin Money-Coutts and Simon Willis** have been appointed directors of Charterhouse Tilney Securities.

■ **Michael Brian** has been appointed md of LOMBARD Motor Finance and to the board of Lombard North Central.

Speculation about who will succeed Marmaduke Hussey as chairman of the BBC is likely to increase following the reappointment of Sir George Russell (above) as chairman of the Independent Television Commission for two more years.

The ITC is responsible for licensing and regulating the UK's commercial TV stations. Sir George, 58, who is also chairman of 3i, has been chairman of the ITC since it was established in 1990 and is generally regarded as having done a good job in helping the commercial TV industry cope with the new broadcasting act.

His name has [illegible] mentioned as [illegible] possible successor to Hussey who has been chairman of the BBC since 1986.

It is not unknown for the chairman of the BBC to be brought in [illegible] commer[illegible] sector. Lord Hill, [illegible] BBC's [illegible] doctor [illegible] becoming chairman of [illegible] Independent Television Authority, [illegible] appointed chairman [illegible] the [illegible] in [illegible] late 1960s by Harold Wilson, a Labour prime [illegible] who [illegible] concerned [illegible] the [illegible] alleged anti-Labour bias. Later Lady Plowden, a vice-chairman of the BBC in the early 1970s, was switched to be chairman of the Independent Broadcasting Authority.

Although Marmaduke Hussey has been reappointed for a second five-year term which expires in April 1996, there has been speculation that he might [illegible] early, especially [illegible] that [illegible] questions over [illegible] renewal [illegible] BBC's [illegible] have been removed. Hussey turns 71 later this month.

However, the extension of Sir George's term as ITC chairman for two years from January 1 means that his term will run past the date when the BBC job falls vacant.

[illegible] father perhaps like son: [illegible] Ridley has [illegible] appointed as a non-executive director of Northern Rock, of which his father, Viscount Ridley, is a former chairman.

Northern Rock will become the UK's 10th largest building society when its merger with North of England building society goes through later this year, but its board seems to be expanding even faster than its assets. As well as Ridley, who is a new appointment, it is acquiring three non-executive directors from North of England, taking the board total to 16 from its current 13.

Ridley (left), 36, is a journalist who spent nine years at The Economist and was one of the nine candidates tipped last year for the editorship, which went to Bill Emmott. Appropriately for someone who will be expected to give an outside perspective on how the society is performing, he writes a column for the Sunday Telegraph called "Down to earth". (See Observer)

Constructive careers

■ **Nigel Denby**, company secretary, has also been appointed finance director of The BRADFORD PROPERTY TRUST.

■ **Patrick Ranger** has been promoted to the board of ASDA Property Holdings.

■ **Bob Sankey**, formerly a director of HIGGS & HILL Developments, has been appointed md of Developed Solutions, a division within Higgs [illegible] Hill's Swan Hill Property Holdings.

■ **Dermot Gleeson**, [illegible] executive of J.P. GLEESON, is [illegible] chairman following the death [illegible]

■ **Jeff Turner** has been appointed Midlands regional director of WOLSELEY Centers' Builder Center.

■ **Ian Smith** has been appointed md of BELLWAY HOMES' Yorkshire division.

■ **Jeff Kozer** has been appointed director and general manager of TYSONS Construction.

■ **Mike Penny** has been promoted to general manager of REDLAND Roof Tiles following the resignation of Philip Margrave.

■ **Christine Tacon** has been appointed marketing director of REDLAND Bricks.

■ **David Heppell**, formerly president of George Wimpey Inc, has been appointed president of LOVELL America Inc on the retirement of Ray Groves. He is replaced as president of GEORGE WIMPEY Inc by **Stewart Cline** (below left), formerly president of the Southwest region of Ryland Group.

■ **Tony Bonser** has been appointed sales director of BARRATT East Midlands; **Chris Burton**, technical director of Barratt West Scotland; **Paul Clarkson**, md of Barratt Northampton (below right); **Geoff Dickens**, sales director of Barratt Chester; **Clive Fenton**, finance director of Barratt London; **Fred Knox**, construction director of Barratt Bristol; and **Alistair Harris**, md of Barratt East Scotland.

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JUNE 1994

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THE FOLLOWING SUCCESSFULLY COMPLETED THEIR ASSOCIATE EXAMINATION

R Alexander	Scottish Widows Fund & Life Assurance
J A Armstrong	Stewart Ivory & Co
S G Baker	Investment Bank of Ireland
E R Bannon	Dept of Defence – Ireland
P T C Baylis	Saudi International Bank
A N Bibi	ESN Investment Management
T B Bradley	Mercury Asset Management
N L V Britnall	Foster & Braithwaite
O D R Butt	Korea Exchange Bank
T J Carroll	M & G
J H Carthew	M & G
R J Champion	NM Funds Management (Europe)
P F C Clarke	Irish Intercontinental Bank
N T Clay	Sun Alliance Investment Management
C J Conboy	Investment Bank of Ireland
J T Cook	Royal Insurance Asset Management
K Cornish-Bowden	Morgan Stanley Asset Management
M Costar	Clerical Medical Investment Group
B E L Delperdange	Schroder Investment Management
D G Dick	Mercury Asset Management
T G Dieppe	AMP Asset Management
H K Duff	Scottish Mutual Assurance
J S Easton	Cannon Lincoln Investment Management
R A Firth	Schroder Investment Management
G P Flynn	James Capel & Co
J Forbes	Riada Stockbrokers
E C Francis	Baring Investment Management
C R Frost	Norwich Union Investment Management
P Geraghty	PMPA Insurance
S Gerzon	Threadneedle Investment Managers
A P Gibb	Fidelity Investment
J Gibbs	Kuwait Investment Office
J G Gilbertson	JL Securities
W D J Gillespie	Chiltons
M D Gloyer	Vala-Trac Research
J K Guthrod	Schroder Investment Management
J R Hammond	Henderson Real Estate Strategy
H Hammonds	Baillie Gifford & Co
B N Heap	Clerical Medical & General Life Assurance
D Houghton	Gartmore Investment
T W Hudson	Schroder Investment Management
P D W Ingram	JL Securities
C L Jack	Baillie Gifford & Co
B Kaur	Confederation Life Insurance Co
D H Knowles	Schroder Investment Management
P M Langham	Capital House Investment Management
J B Langrish	Confederation Life Insurance Co
B M Lardner	Investment Bank of Ireland
S Laugharne	Lombard Odier
J L Lidster	Schroder Investment Management
T Lin	S G Warburg
C R McCabe	Ulster Bank Investment Services
E R MacDonald	Baillie Gifford & Co
G C A MacDonald	Standard Life
L M MacDonald	Robert Fleming & Co
S M Maher	Royal London Asset Management
M Maimann	Hartons Group
S J A Martin	Postel Investment Management
E Mercadante	Mercury Asset Management
T L Mernagan	Schroder Investment Management
S J Monnely	Pilkington
C Moore	Johnson Capital Management
A Murphy	M & G Securities
C S W Ng	Abu Dhabi Investment Authority
E O'Hogartaigh	New Ireland Assurance
C J R Park	Framlington Investment Management
S M Patterson	Hill Samuel Asset Management
A J Porter	Hill Samuel Asset Management
C D Price	Schroder Investment Management
P Rajasekaran	
C A Roberts	Royal London Asset Managers
S P Rogers	Newton Investment Management
R F Rothwell	Postel Investment Management
S F Rubingh	Co-operative Insurance
R J Salter	Martin Currie
N R Sargent	Sun Alliance Investment Management
P D R Saunders	Commercial Union Asset Management
K Scott	Hill Samuel Asset Management
S Shah	Schroder Investment Management
R Shant	Provident Mutual Assurance
A L Spooner	Prudential Portfolio Managers
T D Steel	Mercury Asset Management
G J Stephens	Refuge Assurance
A J Telfer	Baillie Gifford & Co
A N Trigle	Gartmore Investment
E C Van Musschenbroek	Schroder Investment Management
K Viswaralingam	Brinson Partners
L Whiffen	Baring Brothers
J Wild	Finsbury Asset Management
S A Witsher	Royal Insurance Asset Management

COMMODITIES [illegible] AGRICULTURE

Ukraine to boost coal imports and exports

Jill Barshay and Matthew Kaminski explain a paradoxical legacy of the Soviet era

Ukraine will, paradoxically, both import [illegible] export more coal this year, illustrating how [illegible] regulatory hangovers create shortages [illegible] home while western trade brings much-needed hard currency profits.

The once mighty [illegible] producer, saddled with exhausted pits [illegible] antiquated technology, annouced this week that falling production would force it to import 15m tonnes [illegible] coal [illegible] meet minimum domestic needs.

Ukraine remains keen, however, [illegible] keep exports at 12m tonnes a year, up from 10m [illegible] in [illegible] Its main [illegible] are [illegible] UK, Belgium and Italy, who pay [illegible] $21 and $100 a tonne, depending on quality.

Domestic prices are roughly half that – ranging from 500,000 to 1.7m Ukrainian karbovanets ($11.6 to [illegible]) a tonne – because they are set by regulations linking selling [illegible] to production [illegible]. So the [illegible] coal committee, which receives coal from the pits and distributes it to users, likes to skim off as much as possible for the more lucrative export markets.

"We [illegible] an unlimited amount of coal for the next 100 years in the Donbass. But we need modern equipment. This is why we are exporting coal [illegible] hard currency," [illegible] Mr Sergei Fishenko, head [illegible] the government's coal department.

A traditional coal exporter, Ukraine this year will produce 100m tonnes, down from 131.9m last year. To bridge the gap, it plans [illegible] metals for coal from Russia and Poland, former trading partners under the old Comecon regime, enabling it to satisfy its western customers.

The Ukrainian government [illegible] been unwilling to liberalise energy prices, even though mounting [illegible] no other practical option. This deepens the energy crisis and delays restructuring of heavy industry [illegible] from energy-intensive activities.

The mining sector, once a Soviet showcase, mirrors Ukraine's economic plight. The heavily [illegible] mines in the country's [illegible] Donbass region [illegible] with minimal return: the 1.2m coal miners [illegible] 362 mines – 5 [illegible] cent of the labour force – produce, on average, 5 per cent of the coal a western coal miner does; and the Kiev government is this year paying about $50m [illegible] month in subsidies.

The productivity gap can be blamed partly on antiquated equipment, which itself carries a high environmental [illegible] Ukraine's coal pits contribute 3 per cent (2.2bn cubic meters) of the world's [illegible] of methane, a greenhouse gas associated with global warming. Accidents are another problem. Some four miners die for every 1m of coal produced – [illegible] highest rate in the world – MDNM/ in the Donetsk district alone 213 people [illegible] killed last year.

Many mines should [illegible] closed; but [illegible] would carry the politically unpalatable [illegible] of mounting unemployment.

■ Despite [illegible] poor summer crop, Ukraine will not import grain this year, the Food and Agriculture Department announced this [illegible]

Last year it produced 45m tonnes but analysts expect this year's crop to be below 40m; and the announcement that it will [illegible] resort [illegible] imports comes as a surprise.

A [illegible] drought helped push yields down, but Mr [illegible] Csaki, an agroeconomist [illegible] the World Bank in Washington, commented: "The inherited inefficiency [illegible] the collective [illegible] input [illegible] and the [illegible] break-down are the real problem – just don't blame the weather".

Coffee price surge brings return of Indian export curb

By Kunal Bose in Calcutta

The Indian government, unwilling to pay the electoral price of surging coffee prices, has drawn back from its policy of liberalising marketing of the commodity.

With assembly elections coming in November in the states of Karnataka and Andhra Pradesh, the federal government has decided to limit coffee exports to 110,000 tonnes this year in an effort to curb prices. In the final four months it will issue permits for only 5,000 tonnes a month.

Restricting coffee exports was not an easy step for the government to take two [illegible] into [illegible] liberalisation programme. [illegible] however, with [illegible] opposition criticism over [illegible] "action [illegible]" on [illegible] joint parliamentary committee report on [illegible] ties scandal [illegible] government could not ignore the [illegible] of the coffee consumers in the south of India, who are paying as much as Rs200 (£4.10) for 1kg of coffee powder, up from Rs60 a year ago.

According to the growers, [illegible] restriction on exports will [illegible] problems for exporters, who may not be able [illegible] fulfil all their contractual obligations.

The [illegible] may not, however, provide much relief [illegible] domestic consumers [illegible] the [illegible] (October-September) crop is now expected to [illegible] only 170,000 tonnes, instead of the 208,000 tonnes the Coffee Board had forecast earlier.

Moreover, local traders are said to have hoarded some coffee.

The growers are dismayed [illegible] government has not [illegible] yet accepted their [illegible] tonn[illegible] distribution through "fair price" shops at subsidised rates. Though coffee [illegible] covered by the Indian Essential Commodities [illegible] and [illegible] is not perceived [illegible] a poor man's beverage, the government is likely [illegible] its distribution through "fair price" [illegible] well before the [illegible] elections [illegible] held.

Although the imposition of a levy on exports is ruled out growers and exporters see the cap on export as a "retrograde move". But the growers are happy that the Coffee Board has recommended that they be allowed to market their entire production directly . They are now required to surrender 50 per cent to the board, which conducts weekly [illegible]. In the current year, however, the board has [illegible] 25 per cent of the [illegible] causing it much embarrassment.

Ecuador moves farther along oil privatisation trail

By Raymond Colitt in Quito

[illegible] taking a further [illegible] in opening [illegible] oil industry [illegible] the private sector.

Concession contracts to operate [illegible] explore marginal [illegible] will [illegible] in late September [illegible] early [illegible]. Marginal [illegible] are [illegible] as [illegible] produce [illegible] than 1 [illegible] output.

Petroecuador, the [illegible] owned [illegible] production in these fields can be increased significantly with only modest investment. Under the current administration's oil policy [illegible] limited investment [illegible] are [illegible] be [illegible] develop [illegible] country's principal fields.

A [illegible] of specialists [illegible] uating each [illegible] the [illegible] wells [illegible] for bidding. The [illegible] will determine precise investment requirements, which [illegible] now are [illegible] to [illegible] US$60m.

"This [illegible] a low-risk [illegible] ment," [illegible] Mr Bernardo [illegible] of [illegible] contracting office, "[illegible] fields [illegible] already producing and much [illegible] infrastructure [illegible] in place."

The oil [illegible] combined proven [illegible] than 100m [illegible] but are expected to increase following exploration efforts.

The operating cost per barrel [illegible] $1.45 and $6.

Under the newly devised con[illegible] current output [illegible] will continue [illegible] to Petroecuador and the contractors income will be generated by increasing production. The winning bidder will be the company that offers the state the highest percentage of the additional output and the largest investment.

If the contractor proves unable to increase production within two years, the concession will be terminated and the field will have to be returned to state control.

Part of the contract, which is to last for 20 years, will also allow [illegible] exploration in [illegible] vicinity of [illegible] existing well [illegible] Newly dis[illegible] will [illegible] remunerated over a fixed compensation period. Infrastructure or machinery installed by the [illegible] will [illegible] property [illegible] expires.

The announcement [illegible] this latest bid comes only months after 10 petroleum companies won the right to explore and produce oil in over 2m hectares of Amazon rain [illegible]

Cuba looks forward to output boost

Cuba [illegible] expecting [illegible] production of 23,000 tonnes this year, the same as in 1993, but is looking forward to a significant increase over the next few [illegible] following [illegible] establishment of new farms, mainly in the island's more [illegible]

This year's exports [illegible] expected to be around 12,000 tonnes, also about the same as last year's, according to one of the country's official information agencies, with the main market continuing to be Japan. Cuba also sells to Austria, Britain, France, Germany, Italy and Spain.

The planned expansion of coffee production is part of a programme to broaden the [illegible] of Cuban agriculture, following [illegible] year's dramatic fall in the production [illegible] the main pillar of the island's economy.

[illegible] report increasing demand for Cuban coffee from foreign buyers seeking new sources because [illegible] anticipated tight situation [illegible] the international market.

Russia [illegible] lift crude sales

Russian [illegible] exports outside [illegible] former [illegible] Union [illegible] by 10-15 per cent [illegible], according [illegible] Mr Oleg Davydov, [illegible] foreign [illegible] nomic relations minister, reports Reuters from Moscow.

He [illegible] agency [illegible] Russia had [illegible] oil exports [illegible] support producers, who were struggling [illegible] find solvent consumers [illegible] the [illegible] markets.

Fuel and Energy Ministry officials [illegible] exports would [illegible] than [illegible] year's [illegible] tonnes but ruled [illegible] sharp increase in [illegible] the [illegible] of limited port and pipeline capacity.

Mr Davydov mentioned [illegible] capacity [illegible] exports but [illegible] that [illegible] opening up, including through Ukraine, which had lowered [illegible] a tonne from [illegible]

De Beers to search for diamonds off the coast of Sierra Leone

By Kenneth Gooding, Mining Correspondent

[illegible] is [illegible] explore for diamonds on the sea bed off the coast of Sierra Leone. The government has granted the world's biggest diamond group [illegible] 15,800 square kilometre con[illegible] will spend US$3m in the next nine months to survey the sea bed before sampling begins. Another $10m may [illegible] spent, [illegible] the [illegible]

[illegible] De [illegible] Marine [illegible] sidiary, the group [illegible] developed unique underwater explo[illegible] and mining techniques. It [illegible] operating [illegible] the [illegible] Namibia and [illegible] Africa [illegible] depths [illegible] more [illegible] metres. [illegible] year De [illegible] recovered 302,000 [illegible] of [illegible] monds off the Namibian coast, [illegible] 16 per cent increase on the 1992 level.

The new arrangement takes De Beers back to Sierra Leone for the first time since [illegible] when, after 32 years buying and exporting diamonds there, country, [illegible] quit, blaming the thriving parallel [illegible] and Sierra [illegible] liquidity crisis at that time.

PNG copper/gold mine recaptured

By Emilie Tagaza in Melbourne and Kenneth Gooding in London

Papua New Guinea forces had recaptured the Panguna mine on Bougainville [illegible] from [illegible] rebels, Mr Paias Wingti, [illegible] prime minister, [illegible] yesterday.

Paguna, once one [illegible] was producing about 160,000 tonnes [illegible] copper and [illegible] troy ounces of gold annually, before [illegible] was forced [illegible] in 1989 by a landowners' revolt and [illegible] violent sabotage campaign by the so-called Bougainville Revolutionary Army.

The mine is 53.6 per cent-owned and was operated by CRA [illegible] Australia, which in turn is 49 per cent-owned by RTZ Corporation of the UK.

Mr Mark Rayner, Bougainville Copper's chairman, [illegible] recently [illegible] would [illegible] to bring the mine back [illegible] operation.

Hopes that work might [illegible] were dimmed, however, by [illegible] representative in [illegible] yesterday [illegible] forces would resume guerrilla [illegible] from [illegible] mountains [illegible] prevent mining re-starting. He conceded, though, that the taking [illegible] Pan[illegible] by [illegible] a sign [illegible] the [illegible] might [illegible] waning.

[illegible] Wingti [illegible] troops had met [illegible]

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	-16,850	to 2,474,200
Aluminium alloy	unchgd	at 26,480
Copper	+1,625	to 348,100
Lead	-375	to 365,050
Nickel	+526	to 136,656
Zinc	-875	to 1,223,525
Tin	-125	to 31,040

COMMODITIES [illegible]

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ [illegible] 99.7 PURITY ($ per [illegible])

	Cash	3 mths
Close	[illegible]	[illegible]
Previous	1454-4.5	1483-4
High/low	1443.5	1478/1467
AM Official	1443-3.5	1472-2.5
[illegible] close		1476-7
Open int.	278,608	
Total daily turnover	71,808	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1566-65	1585-75
Previous	1570-80	[illegible]
High/low		1585/[illegible]
AM Official	1555-60	1565-70
[illegible] close		1585-90
Open int.	2,857	
Total daily turnover	1,224	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	551.5-2.5	[illegible]
Previous	590-1	[illegible]
High/low	558	578/570
AM Official	557-8	574.5-5.0
Kerb close		572-3
Open int.	41,633	
Total daily turnover	[illegible]	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5565-75	5650-70
Previous	5585-95	5675-80
High/low		5740/5580
AM Official	5580-85	5655-60
Kerb close		5670-80
Open int.	58,382	
Total daily turnover	[illegible]	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5140-50	5220-30
Previous	5125-35	5200-10
High/low	5155/5150	[illegible]
AM Official	[illegible]	[illegible]
Kerb close		5250-60
Open int.	17,553	
Total daily turnover	[illegible]	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	941.5-2.5	965-6
Previous	939-40	963-3.5
High/low		965/963
AM Official	939.5-40	962-3
[illegible]		963-4
Open int.	102,765	
Total daily turnover	19,040	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	[illegible]	[illegible]
Previous	2400-2	2411-13
High/low	2398/2397	2413/2403
AM Official	2398-9	[illegible]
Kerb close		2409-[illegible]
Open int.	217,747	
Total daily turnover	56,014	

■ LME AM Official £/$ rate: 1.5[illegible]
LME Closing £/$ rate: 1.5411

Spot: [illegible] 3 mths: [illegible].5397 [illegible] mths: 1.5372 [illegible] mths: 1.5332

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Aug	108.15	-0.45	108.20	108.10	226	77
[illegible]	[illegible]	-0.60	109.00	107.60	[illegible]	[illegible]
[illegible]	[illegible]	-0.50	[illegible]	108.50	[illegible]	[illegible]
Nov	108.10	-0.40	108.20	108.20	560	6
Dec	108.10	-0.35	[illegible]	107.85	16,465	2,118
[illegible]	107.80	-0.35	-	-	[illegible]	1
[illegible]					46,639	7,859

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	376.60-377.00	
Opening	376.90-377.30	
Morning fix	376.60	244.609
Afternoon fix	376.30	244.367
Day's High	377.10-377.50	
Day's Low	376.10-376.50	
[illegible]	377.25-377.75	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.06	6 months	4.63
2 months	4.15	12 months	4.13
3 months	4.24		

Silver Fix	p/troy oz.	US cts equiv.
Spot	329.45	507.25
3 months	333.65	513.00
6 months	[illegible]	519.90
1 year	350.65	525.00

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	[illegible]
Maple Leaf	387.00-389.45	-
New Sovereign	88-91	57-60

[illegible] continued

■ [illegible] COMEX (100 Troy oz.; $/troy [illegible])

	Sett price	Day's change	High	Low	Open int	Vol.
[illegible]	377.7	[illegible]	377.0	[illegible]	270	14
[illegible]	[illegible]	[illegible]	-	-	3	20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. [illegible])

[illegible]

■ CRUDE OIL IPE [illegible]

[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ [illegible] LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	104.80	-0.40	[illegible]	[illegible]	387	116
[illegible]	105.65	-0.50	106.15	105.60	2,310	151
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ [illegible] MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

Tea

The Tea Broker's Association reports, good general demand. Bright liquoring East Africans were well supported at fully firm to dearer rates. Mediums were irregular but generally 2 - 3 pence easier. Ceylons met keen competition at dearer rates, often substantially for improved quality sorts. Kenyas were firm but Ugandas were selective. Quotations best available 170p/kg. nom, good 160p/kg., good medium 140p/kg., medium 120p/kg., low medium 84p/kg. The highest price realised this week was 171p for a Kenya pf.1. The minor metals report was not available for this edition

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	1085	[illegible]	[illegible]	[illegible]	14,563	1,815
Dec	1089	+24	[illegible]	1062	27,333	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; [illegible])

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ [illegible] LCE [illegible]

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

[illegible]

■ CRB Futures (Base: 1967=100)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	68.875	-1.125	68.750	68.700	7,023	2,089
[illegible]	71.675	-0.850	72.150	71.280	32,210	7,906
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	39.600	-0.125	39.750	39.500	1,313	[illegible]
Jun	[illegible]	-0.100	44.525	44.400	480	14
Total					[illegible]	5,802

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	30.550	-1.225	31.325	30.525	606	[illegible]
Feb	43.125	-2.000	44.750	[illegible]	[illegible]	[illegible]
Mar	42.850	-2.000	44.700	42.850	[illegible]	177
[illegible]	43.325	-1.925	45.000	43.300	53	44
Jul	44.700	-1.575	45.800	44.275	90	15
Aug	44.400	-1.050	44.400	44.400	14	2
Total					7,888	1,781

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ [illegible] (99.7%) LME

	Sep	Dec	Sep	Dec
1425	67	108	24	42
1450	52	91	[illegible]	52
1475	40	78	48	84

■ COPPER (Grade A) LME

	[illegible]	[illegible]	[illegible]	Dec
2350	[illegible]	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	59	[illegible]
2450	[illegible]	82	[illegible]	[illegible]

■ COFFEE LCE

	[illegible]	[illegible]	[illegible]	[illegible]
3250	248	[illegible]	5	[illegible]
3300	[illegible]	[illegible]	10	[illegible]
3350	161	353	18	273

■ COCOA LCE

	[illegible]	Dec	[illegible]	[illegible]
1000	66	[illegible]	-	[illegible]
1050	[illegible]	[illegible]	[illegible]	65
1100	1	[illegible]	[illegible]	80

■ BRENT CRUDE IPE

	Oct	Nov	Oct	Nov
1700	61	66	[illegible]	-
1750	[illegible]	[illegible]	-	-
1800	21	32	-	[illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Oct)

Dubai	$1[illegible]	[illegible]
Brent Blend (dated)	[illegible]	
Brent Blend (Oct)	$17.05-7.07	+0.105
W.T.I. (1pm est)	$18.26-8.28t	+0.130

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$208-209	-2
Gas Oil	$153-154	+1
Heavy Fuel Oil	$85-87	
Naphtha	[illegible]	
Jet fuel	$169-170	[illegible]

Petroleum Argus [illegible]

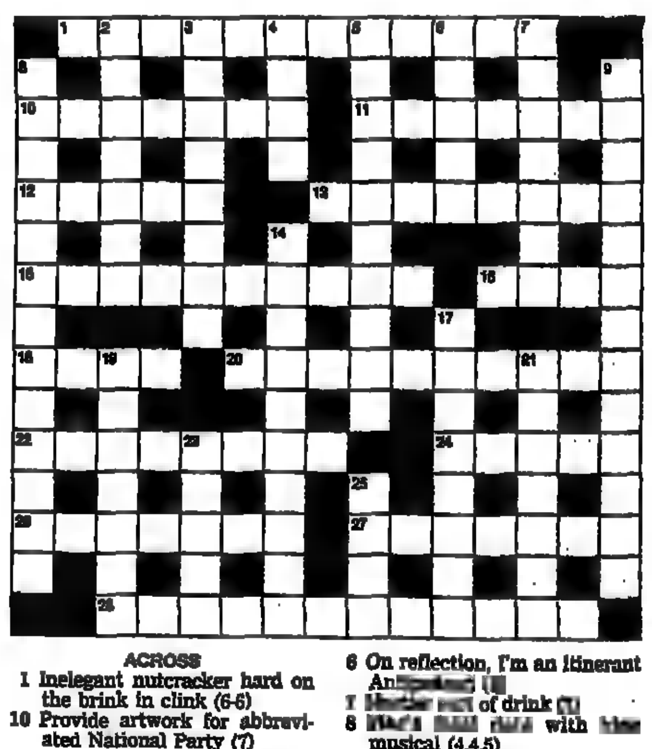
■ OTHER

Gold (per troy oz)♣	$336.80	[illegible]
Silver (per troy oz)♣	508.5c	[illegible]
Platinum (per troy oz.)	$410.40	[illegible]
Palladium (per troy oz.)	[illegible]	[illegible]
Copper (US prod.)	[illegible]	
Lead (US prod.)	37.75c	
Tin (Kuala Lumpur)	13.20m	-0.02
Tin (New York)	240.5c	-1.0
Cattle (live weight)†©	121.34p	+0.93*
Sheep (live weight)†♣©	90.67p	-2.75*
Pigs (live weight)©	79.97p	[illegible]
Lon. day sugar (raw)	$304.1	[illegible]
Lon. day sugar (wte)	$344.0	-1.0
Tate [illegible] Lyle export	£310.0	-1.0
Barley (Eng. feed)	£105.5	-0.5
Maize (US No3 Yellow)	$142.5	
Wheat (US Dark North)	[illegible]	
Rubber [illegible]	86.75p	-0.25
Rubber (Oct)♥	85.75p	[illegible]
Rubber KL RSS No1 Aug	322.50m	[illegible]
[illegible]	[illegible]	[illegible]
Palm Oil (Malay.)§	[illegible]	+7.5
Copra (Phil)§	[illegible]	
Soyabeans (US)	[illegible]	
Cotton Outlook 'A' index	75.10c	[illegible]
Wooltops (64s Super)	444p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t Oct. z Sep/Oct. w [illegible]. ♥ London Physical. § CIF Rotterdam. ♣ [illegible] close. ♣ Sheep (Live weight prices). * Change [illegible]. Prices are for previous day.

CROSSWORD

No.8,534 [illegible] by DOGBERRY



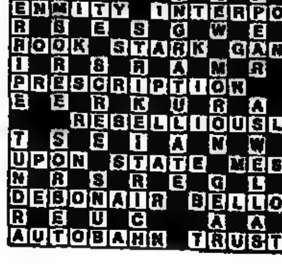
ACROSS

1 Inelegant nutcracker hard on the brink in clink (6-6)
10 Provide artwork for abbreviated National Party (7)
11 Manager of electoral system to be omitted from month (7)
12 Sign of Iberian slate swamp[illegible] Germany [illegible]
13 Cause of Iron [illegible] beginning to go [illegible] skirts? (8)
15 From Rome [illegible] Paris, I [illegible] entertainment [illegible]
16 [illegible] couple (4)
18 Novel [illegible] signallers' meridian .... (4)
20 .... and post, including lorry and the foreign verb's component (10)
22 Message for member having right to feature in the side (8)
24 Russian king in Boulogne, for instance (5)
26 Offend again when not acting? (7)
27 Agree artist fancied beast (7)
28 Absurd novelist almost opening electricity bill inside (12)

DOWN

2 Pins feature in sporting position (3-4)
3 Virgin climbing tree misjudged distance across (8)
4 [illegible] colouring without additive [illegible]
5 [illegible] grateful [illegible] in value (10)
6 On reflection, I'm an itinerant An[illegible]
7 [illegible] of drink [illegible]
8 [illegible] with [illegible] musical (4,4,5)
9 Peculiar disciple points out brown bird (9,4)
14 Religious artist might leave a vicar agog (10)
17 Empty slander about taxman having more crusts (8)
19 Exploits work of unassertive character (4-3)
21 Standard meeting-place, mostly, [illegible]
[illegible] Force ready [illegible] make sudden [illegible]
25 [illegible] write books on [illegible]

Solution 8,533



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

US rate rise decision too late to affect London

By Steve Thompson

The London stock market was again preoccupied with watching for any signs of a precursor to a shift in US interest rates, eventually ending a tense but largely boring session marginally higher on balance.

The FT-SE 100 Index settled with a net gain of 5.1 at 3,147.3, having moved in a narrow range throughout the day. The FT-SE Mid 250 Index delivered another uninspiring performance, closing 4.1 lower at 3,715.1.

While dealers remained on alert for the rise in US rates, which could impact on the large number of UK stocks traded on Wall Street, the move of 50 basis points in the Fed Funds rate came two hours after London closed.

The market began the trading session in subdued fashion with marketmakers lowering their opening prices in the wake of an eight-point fall on the Dow Industrial Average.

The early decline proved short-lived, however, as a lower than expected public sector borrowing requirement number of £1.1bn, compared with a consensus figure up around £1.5bn, boosted gilt-edged stocks and produced a keen rally in the equity market.

Gilts were also supported by the latest survey of distributive trades published by the Confederation of British Industry which pointed to a slowing of retail sales, a move interpreted in the City as reducing the possibility of an early increase in UK interest rates. Down some three points at the outset, the FT-SE 100 moved into positive territory within the hour, gradually climbing to reach the day's high point of 3,151.6, up 9.4, shortly after Wall Street opened and while the [illegible] Federal Open Market Committee meeting was in progress.

But with Wall Street faltering, before embarking on another good rise after London had closed, the UK market began to ease off.

As well as having to contend with *an expected rise in US interest* rates, the market has to face a welter of domestic economic news this morning. This will include unemployment figures for July, average earnings and, most importantly, inflation numbers for last month. Some forecasters are looking for a negative inflation result month on month.

Turnover yesterday came out [illegible] shares, with non-FT-SE [illegible] stocks accounting for around 57 per cent of activity. The value of customer business on Monday was a slightly disappointing £1.145bn.

Meanwhile, a buzz of excitement went around the trading desks in the late afternoon as dealers picked up whispers that a big FT-SE 100 bid could be in the offing.

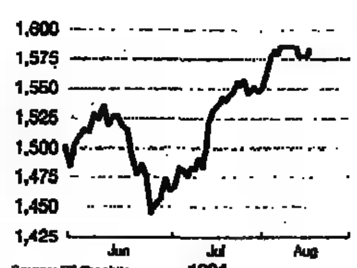
GEC was one name being bandied about as a potential bid target for *one of the big conglomerates such* as BTR or Hanson. This story was mostly dismissed by analysts, who pointed out that GEC was much more likely to emerge as a predator than a target.

And traders again began to focus on the obvious benefits of a merger [illegible] British Aerospace and GEC, which have [illegible] involved in tentative merger talks in the past. There was heavy trading in GEC stock, with one leading UK broking house said to have bought the [illegible] aggressively, while British Aerospace [illegible] were [illegible] chased in the market.

Marketmakers also pointed out that [illegible] was in a strong position [illegible] buy in its own shares. Another [illegible] candidate, according to the market, was Wellcome, the pharmaceuticals group, with [illegible] being [illegible]. The regional electricity [illegible] being viewed [illegible] potential takeover targets.

Bank [illegible] continued to attract switching, with HSBC [illegible] badly [illegible] by worries of static underlying profits growth. Bank of Scotland [illegible] Standard Chartered were the prime beneficiaries of the stories. Dealers pointed [illegible] Goldman Sachs, UBS [illegible] Morgan Stanley [illegible] brokers advising the switch.

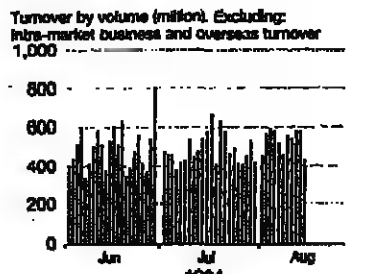
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ [illegible] Indicators

Indices and [illegible]

FT-SE 100	3147.3	+5.1
FT-SE [illegible] 250	3715.1	-4.1
FT-SE-A [illegible]	1590.2	+1.5
[illegible]	[illegible]	+1.36
FT-SE-A All-Share yield	[illegible]	[illegible]

FT Ordinary index	2474.5	[illegible]
FT-SE-A Non Fins [illegible]	19.92	[illegible]
FT-SE 100 Fut Sep	3153.0	+1.0
[illegible] yr [illegible] yield	8.68	[illegible]
Long gilt/equity yld ratio:	[illegible]	[illegible]

Best performing [illegible]

1. Gas Distribution .... +1.3
2. Water .... +1.1
3. Electronic & Elec Eqpt .... +1.0
4. [illegible] .... +0.8
5. Food Manufacturers .... +0.8

Worst performing sectors

1. Engineering, Vehicles .... -1.8
2. Banks .... -1.2
3. Oil Exploration & Prod .... -0.8
4. Other Services & Bsns .... -0.7
5. Life Assurance .... -0.4

Sotfware company retreats

Software component supplier Micro Focus saw its shares plummet 190 to 873p as it produced interim figures well below market expectations and issued a profits warning. The drop came as a further blow to the group, whose shares stood [illegible] just [illegible] months [illegible].

Analysts [illegible] problems at Micro Focus would [illegible] to [illegible] company's [illegible] pile, with speculation that the company may sweeten investor unease with a share buy-back scheme or a *special dividend* payment. The company's performance and dramatic share price retreat also prompted talk of predatory interest. One disillusioned analyst was not holding out bid hopes and was advising clients to sell the shares down to 650p – the value being put on the cash pile and revenue stream.

Micro Focus profits fell 40 per cent to £7m, against analysts' forecasts of up to £12m. They pinpointed the blame on delays in products coming to the problematic software market, together with an escalation in costs. Profit predictions for the full year were being scaled back from the £25m *level to just above half* that amount.

HSBC tumbles

International banking group HSBC Holdings won the dubious honour of being the day's worst performer among FT-SE 100 constituents as the market continued to reflect on Monday's interim figures.

The shares tumbled 33 to 717p in trade of 4.3m, with Goldman Sachs, UBS and Morgan Stanley mentioned among brokers that advised investors to switch out of HSBC and into [illegible] Chartered, while other [illegible] were [illegible] simply hung [illegible] on the stock.

HSBC reported a big increase in headline profits on Monday, but [illegible] surprised and disappointed by the sharp fall in dealing profits at the group's subsidiaries Midland Bank and HongKong Bank.

However, [illegible] brokers still [illegible] value in [illegible] shares and have [illegible] investors to buy the stock on weakness. Mr Ian Poulter at Yamaichi Securities continues [illegible] the stock [illegible] investors should focus on "the growth in income (other than dealing profits), particularly in [illegible] region". Paribas Capital Markets also remains positive on HSBC and said: "The recent weakness in the shares is an excellent buying opportunity."

Standard Chartered closed 8 [illegible] after [illegible] of [illegible].

Wellcome climbs

[illegible] pharmaceutical stocks, with Wellcome once again attracting most attention. The shares galloped a further 27 ahead to 719p. Glaxo, off 3 at 627p, was the name being mooted yesterday as a potential bidder for Wellcome, although analysts said such a move, one of the market's long-standing takeover stories, would run counter to the company's culture.

The regional electricity [illegible] panies (recs) tried to recover their poise but most failed to stay in positive territory. BZW was doing its best to inject [illegible] bullish tone to keep the sector humming after last week's per[illegible] supportive Offer recommendations.

The broker was [illegible] dividend growth of between 6 and [illegible] per cent per annum, [illegible] with the now [illegible] anticipated corporate activity, and recommending Midlands, up a penny at [illegible] Southern, down 9 at 717p, Seeboard, ahead a penny at 402p, and Sweb, off 6 at 706p.

The oil majors were largely unmoved but the exploration and production stocks included [illegible] dull feature in Enterprise Oil, which dipped [illegible] to 433p as NatWest [illegible] its bearish stance on the stock.

NatWest said: "The shares have bounced since the Lasmo bid, understandably since higher oil prices should guarantee that even if the [illegible] is not covered it will be paid. However, at a 30 per cent premium to asset value the shares still look expensive."

Burmah Castrol were on offer after talk that the stock had figured prominently in a sizeable programme [illegible] at the close they were 7 lower at [illegible].

Hoare Govett [illegible] pointing [illegible] the potential [illegible] the [illegible] cellular market in respect [illegible] Cable and Wireless, together [illegible] recent [illegible] performance in [illegible] market. [illegible] to [illegible].

Scantronic was one [illegible] the market's [illegible] performers, [illegible] shares falling [illegible] warning [illegible] first-half [illegible].

[illegible] and detergent giant Unilever continued [illegible] bask in the glow of [illegible] sparkling results [illegible] last Friday, [illegible] adding [illegible] at 1126p. Speculative [illegible] pushed United [illegible] up 7 to [illegible].

Argos, the catalogue retailer, again [illegible] from market [illegible] appointment with Monday's [illegible] 7 [illegible]. Great Universal [illegible] put on [illegible] at 566p as Hoare [illegible] upgraded the [illegible] a hold. [illegible] buying [illegible] said [illegible] have helped Kingfisher [illegible].

W.H. Smith [illegible] reported [illegible] fighting [illegible] strong rearguard [illegible] the [illegible] Book Agreement, which keeps retail prices at a minimum requirement, may be [illegible] to expire. The shares rallied from initial [illegible] to [illegible] at [illegible].

NatWest Securities [illegible] said [illegible] have [illegible] responsible for [illegible] agency cross in [illegible] 8m shares at 118p. The stock [illegible] a penny to [illegible].

A positive agm statement from Mansfield helped the regional brewer up 4 to 232p. Other regionals also caught the mood, Wolverhampton & Dudley adding 8 at 541p and Vaux 2 [illegible] 241p.

Holiday tour operator Air[illegible] slipped [illegible] as rival Owners Abroad, which the for[illegible] failed [illegible] take over [illegible] year, announced a [illegible] change and rebranding [illegible]cise. The shares eased [illegible] to 107p. [illegible] buying [illegible] Eurocamp 9 [illegible].

Nervous trading in BICC [illegible] of today's interim figures left [illegible] shares 9 lighter at 412p. [illegible] expected [illegible] in the region [illegible].

[illegible] of the [illegible] than expected figures [illegible] new car registrations in [illegible] 10 days [illegible] August hit several [illegible] component manufacturers.

Among dealers, [illegible] Vardy fell 7 to 184p, while in the component [illegible] sector, GKN [illegible] 10 to [illegible] and T&N, in which [illegible] well [illegible] the market price, finished [illegible] at [illegible].

A two-way pull in international conglomerate Hanson, which reported third-quarter figures in line with [illegible] expectations, brought volume [illegible] 7m as the [illegible] eased a penny [illegible].

ICI [illegible] its [illegible] in the wake [illegible] the [illegible] by [illegible] bank Lehman Brothers, [illegible] 17 [illegible] at [illegible].

MARKET REPORTERS:
Steve Thompson,
Christopher Price,
Joel Kibazo, Saqib Qureshi.

■ Other statistics, Page 18

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (32).
BLDG MATLS [illegible] MCHTS (1) Johnston., CHEMICALS (2) Allied Colloids, MTM, DISTRIBUTORS (1) Northamber, ELECTRNC & ELECT EQUP (4) Dewhurst 'A', Philips Elects, Pifco, Do. A, ENGINEERING (2) Kobe Steel, Thyssen, ENG, VEHICLES (1) Airflow Streamlines, FOOD MANUF (1) IAWS 'A', HEALTH CARE (1) Seton Healthcare, HOUSEHOLD GOODS (1) Osborne & Little, INVESTMENT TRUSTS (8) Fleming Indian, Do. Warrants, Kleinwort Emrg Mkts Wrts, Mezzanine Cap & Inc Tst., Morgan Gren. Latn Amer, Do. Wrts, TR European Growth Ptg. Subs., Templeton Latin Amer, OIL EXPLORATION & PROD (1) Bow Valley, OTHER FINANCIAL (1) Esco, OTHER [illegible] BUSNS (1) Applied Holographics, PHARMACEUTICALS (1) Wellcome, RETAILERS, GENERAL (3) [illegible], French Connection, Next, TEXTILES & APPAREL (3) Mading Inds, [illegible] (1) CPC.
NEW LOWS (26).
GILTS (6) BUILDING & CNSTRN (4) Barratt Dev., Eve Group, Higgs & Hill, Westminster Scaffolding, DISTRIBUTORS (3) Adan, Bletchley Motor, Lex Service, ELECTRNC & ELECT EQUP (1) Scantronic, ENGINEERING (1) Concentric, [illegible] INDS (1) World Fluids, HOUSEHOLD GOODS (1) Creighton Naturally, INSURANCE (1) Angerstein Warrants, LEISURE & HOTELS (1) Priam Leisure, OTHER FINANCIAL (1) King & [illegible], PHARMACEUTICALS (2) Cantab Pharma., Huntingdon Intl., PRTNG, PAPER & PACKG (1) Ferguson Intl, RETAILERS, GENERAL (1) Alexon, TEXTILES & APPAREL (1) Atkins, AMERICANS (1) Rockwell.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures traded in a tight range as dealers waited for the outcome of discussions at yesterday's Federal Open Market Committee meeting.

Confirmation of a rise in US interest rates came well after the market close, *writes Joel [illegible]*

The September contract on the FT-SE 100 opened at 3,155 and languished in the first hour. The lower than expected PSBR figure cheered the market, sending the contract ahead to reach a peak of 3,169.

However, a combination of profit-taking together with concerns that the FMOC would raise interest [illegible] saw the contract give up the early gains.

Following a bout of sideways trading over the [illegible] period, September again moved forward, this time encouraged by the firm opening on Wall Street.

But the worries on interest rates remained, which brought another setback and September finished just ahead of [illegible] day's low at 3,153, a point ahead of its previous close and at a 5-point premium to cash. Volume at 6,766 lots remained low.

Traded options stayed dull and total turnover was 22,[illegible] lots. Two big trades in Hanson puts were the only outstanding feature in the stock options. They were said to have been carried out by Kleinwort Benson and Monument. Volume was 3,481.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	[illegible]	[illegible]	[illegible]	[illegible]	Est. vol	Open int.
Sep	3155.0	3153.0	+1.0	3169.0	3151.0	6766	55585
Dec	-	3168.5	+1.0	-	-	0	4123
Mar	-	3168.5	+1.0	-	-	0	[illegible]

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep	3735.0	3733.0	[illegible]	[illegible]	3735.0	55	[illegible]

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Sep	-	3733.0	-	-	-	-	698

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3148) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Aug	199½	1	149½	1	99½	2	51	6½	17½	23½	3½	59½	1	107	1	157
Sep	212½	10	169	16½	127½	25½	91½	39	61½	60	36	87	20½	122	11½	164
Oct	234	25½	[illegible]	36	149	49½	116	59	87½	83	[illegible]	115½	46	146	149	183
Nov	249½	35½	[illegible]	[illegible]	178	62	[illegible]	81	118	102	[illegible]	[illegible]	65½	158	49½	[illegible]
Dec†			222½	60½			186½	94½			[illegible]	141½			[illegible]	[illegible]

Calls 2,906 Puts 4,491

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975		3025		3075		3125		[illegible]		[illegible]		3275		3325	
Aug	169	1	120	1½	71½	2½	30	11½	[illegible]	38	[illegible]	82½	[illegible]	[illegible]	1	[illegible]
Sep	199	13	146	20½	106½	31	76	47	47½	69½	27	98	13½	135	6	177
Oct			167	42½			102½	78½			55	128½			28½	190
Dec			204	65			141	100½			92½	180			57	212½
Mar†			248	91½			188½	129			139	178½			99½	234

Calls 2,228 Puts 1,089 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	[illegible]	[illegible]	3550	3600	3650	3700	3750	3800
Jul						34 18½	11½ 44	2½ 85

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Aug [illegible]	Day's chge%	Aug 15	Aug 12	Aug 11	Year ago	Div. yield%	[illegible] yield%	P/E [illegible]	Xd adj. [illegible]	Total [illegible]
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3025.0	[illegible]	[illegible]	17.26	86.62	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.32	5.59	21.50	84.56	[illegible]
FT-SE Mid 250 ex Inv Trusts	[illegible]	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.05	20.01	67.75	[illegible]
FT-SE-A 350	[illegible]	+0.1	1588.7	1589.7	1587.9	[illegible]	[illegible]	[illegible]	18.18	42.02	1224.63
FT-SE SmallCap	[illegible]	-0.1	1879.00	1877.40	1878.11	1731.17	3.01	4.18	31.48	36.25	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	-0.1	1846.99	1845.98	1843.54	1718.34	3.18	4.59	[illegible]	37.20	[illegible]
FT-SE-A ALL-SHARE	[illegible]	+0.1	1578.94	1577.78	1576.04	1503.20	3.78	6.34	18.75	40.92	1236.29

■ FT-SE Actuaries All-Share

■ Hourly movements

Time of FT-SE 100 Day's high: 3.16pm Day's low: 8.56am. FT-SE 100 1994 High: 3520.3(2/2) Low: 2876.6 (24/6).

■ FT-SE Actuaries 350 Industry [illegible]

TRADING VOLUME

■ Major Stocks Yesterday

LONDON EQUITIES

LIFFE EQUITY OPTIONS

FT [illegible] MINES INDEX

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	10	[illegible]
Other Fixed Interest	1	0	14
Mineral Extraction	[illegible]	24	[illegible]
General Manufacturers	103	136	[illegible]
Consumer Goods	58	28	[illegible]
Services	94	[illegible]	331
Utilities	20	[illegible]	12
Financials	100	62	206
Investment Trusts	94	37	338
Others	75	16	[illegible]
Totals	682	405	1547

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	August 8	Expiry	[illegible]
Last Dealings	August 19	Settlement	[illegible] 24

Calls: Bluebird Toys, Magnum, Weir Group. Put: Blenheim Group Puts [illegible] Calls: [illegible] Waverley Mining

LONDON RECENT ISSUES: EQUITIES

[illegible] p	Amt paid up	Mkt. [illegible]	1994 [illegible]	1994 [illegible]	Stock	Close price p	+/-	[illegible] div.	Div. cov.	Grs [illegible]	P/E [illegible]
-	F.P.	1.74	69	62	[illegible] Nw C Wts	68		-	-	-	-
-	F.P.	[illegible]	[illegible]	98	‡Aromascan	99		-	-	-	-
-	F.P.	21.4	69	[illegible]	[illegible] G Sh[illegible]	68		-	-	-	-
[illegible]	F.P.	[illegible]	102	100	[illegible] Inv Tst	102		-	-	-	-
-	F.P.	1.71	45	[illegible]	Do. [illegible]	45		-	-	-	-
16	F.P.	[illegible]	[illegible]	21	[illegible]	28		-	-	-	-

RIGHTS OFFERS

Issue price p	[illegible] paid up	Latest [illegible] date	1994 High	1994 [illegible]	[illegible]	[illegible] price p	+or-
8	Nil	24/8	1½pm	1¼pm	BCE	1¼pm	
85	Nil	14/9	12pm	7pm	CRT	7pm	
340	Nil	23/8	47pm	41pm	Gibbs Mew	47pm	
15	Nil	22/8	4pm	1½pm	[illegible]	1½pm	-½
60	Nil	22/8	11pm	3pm	P & P	8pm	[illegible]
24	[illegible]	12/9	2½pm	1pm	Prestwick	1pm	-1
1¼	[illegible]	-	¼pm	¼pm	Surrey Group	¼pm	
[illegible]	Nil	12/9	[illegible]	18pm	Waddington (J)	[illegible]	

FINANCIAL TIMES EQUITY INDICES

	Aug [illegible]	Aug [illegible]	Aug [illegible]	Aug 11	Aug 10	Yr ago	*High	[illegible]
[illegible]	[illegible]	[illegible]	2469.2	2460.5	2478.2	[illegible]	2713.6	[illegible]
Ord. [illegible]	4.10	4.09	4.10	4.11	4.07	[illegible]	4.46	3.43
Earn. [illegible] % [illegible]	5.72	[illegible]	[illegible]	5.67	[illegible]	4.70	5.95	[illegible]
P/E [illegible] net	18.74	18.74	19.18	19.12	[illegible]	[illegible]	[illegible]	[illegible]
P/E [illegible] nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.61

*For 1994. Ordinary [illegible] 2/02/94; [illegible] 26/6/40
FT Ordinary [illegible] index [illegible] 1/7/35.

Ordinary Share hourly changes

[illegible]	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	[illegible]
2474.2	2477.2	2477.2	2476.5	2478.4	2477.1	[illegible]	2475.6	2475.5	[illegible]	2472.5

	Aug 16	Aug 15	Aug 12	Aug 11	Aug 10	Yr [illegible]
SEAQ bargains	25,500	28,885	[illegible]	29,000	26,170	32,735
Equity turnover (£m)†	-	1145.4	1393.2	1530.5	1359.4	1426.7
Equity bargains†	-	[illegible]	32,339	32,407	[illegible]	37,831
[illegible] traded (m)†	-	430.3	588.0	588.7	[illegible]	581.5

†Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		[illegible]	+¼	£25½	£20¾	6,726	5.0	φ
ANZ A$		199	—	278¾	179¾	2,595	4.9	29.4
Abbey National	†N□	398xd	-4	523	361	5,089	6.0	13.0
Allied Irish I£	♣†N□	244xd	+2	314	234	1,607	5.2	9.4
Anglo Irish I£	N□	57	—	70	50	108.2	7.5	10.4
Asahi Y		775¾	+6¼	819¼	629	18,098	0.6	φ
Banco Bil Viz Pta		£16¾	-⅛	£18⅞	£14⅛	3,582	5.5	6.8
Banco Sant Pt		£25⅝	—	£30½	£23¾	3,853	5.5	9.1
Bk Ireland I£		268	—	319	245	1,267	4.9	7.7
Bank Scotland	♣N□	199	+5	247	172½	2,217	3.3	15.5
9¾pc Pf		114¾	+¾	141½	113¾	114.2	10.1	—
9¼pc Pf		119¾	—	148½	119	119.2	10.2	—
Barclays	♣†N□	545xd	+1	640	487	8,887	3.8	16.8
Dai Ichi Kan Y		£12⅞	-⅛	£12¾	£10⅞	38,131	0.4	—
Deutsche DM		£295⅞	+5½	£344¾	£270⅞	14,058	2.3	—
Espirito Santo		£10½xc	+⅜	£13⅞	£9⅞	215.2	3.9	5.0
First Nat Fin	N□	89½xd	+2½	90	60	115.6	2.7	—
8.3pc Cv Pf		77	—	90	77	8.18	10.2	—
7pc Cv Pf		126	+½	177	123	59.8	6.9	—
Fuji Bank Y		1500	-3½	1548¾	1152½	43,454	0.4	φ
HSBC HK	†N□	731	-32	1133	680	12,792	4.2	10.5
HSBC (75p Shs)	†N□	717	-32	1113	660	6,094	[illegible]	10.3
Lloyds	†N□	542xd	+3	668	519	7,013	[illegible]	10.7
Mitsubishi Y		£17⅞	+⅛	£18⅞	£15⅝	40,154	[illegible]	φ
Mits Tst & Bk Y		969¾	+6¼	1162¾	687½	[illegible]	[illegible]	15.4
Mitsui Tst & Bk Y		788¾	+6¼	879	514	[illegible]	[illegible]	36.1
Nat Aust A$	†	532	—	620¼	469¾	7,121	5.3	11.0
NatWest	†N□	461xd	-1	622	421	7,871	5.3	8.6
Ottomano FFr		522	—	638	522	118.0	6.6	φ
Ryl Bk Scotland	♣†N□	394	+2	528	377½	3,152	3.8	17.8
Sakura Y		£9⅝	+⅛	£9⅞	£8⅛	30,328	0.6	55.5
Sanwa Y		£13⅞	—	£15⅝	£11⅞	40,568	0.4	—

CHEMICALS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

	Price	+ or -	1994 high	1994 low	Mkt Cap £m	Yld Gr's
TVX Gold ♥	[illegible]	+¼	473½p	340½p	[illegible]	–
Toronto-Dom	[illegible]	—	11⅝	[illegible]	2,902	3.9
Trans Can Pipe ♥	[illegible]	—	10⅞	[illegible]	1,468	4.6

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap £m	Yld Gr's	P/E
Anglo Am Ind		[illegible]	—	[illegible]	[illegible]	1,780	2.7	19.7
Barlow		[illegible]	—	[illegible]	[illegible]	[illegible]	0.7	–
Gold Flds Prop R		111	—	[illegible]	70	11.3	[illegible]	♦
NK Props		[illegible]	—	[illegible]	[illegible]	3.42	10.5	34.9
SASOL	♥	[illegible]	—	[illegible]	290	2,458	3.2	–
SA Brews		[illegible]	—	£10⅞	£10	3,469	2.2	20.4
Tiger Oats	†	[illegible]	—	[illegible]	[illegible]	932.1	2.6	13.1
Tongaat-Hulett		[illegible]	—	*739¼	427½	503.5	2.3	18.5

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service [illegible] by [illegible] Financial, a member of the Financial Times Group.

Company classifications are based on those [illegible] the FT-SE A[illegible] Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market [illegible] shown is calculated [illegible] for each line of stock quoted.

Estimated price/earnings ratios are based [illegible] latest annual reports and accounts and, where possible, are updated to interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded s[illegible]. This includes UK stocks where transactions and prices are p[illegible]ed continuously through [illegible] Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited

[illegible]

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT1343. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by t[illegible]phone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for ca[illegible] outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. [illegible] the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+or -	Yield Gr's
Portfolio Fund Management Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 071-407 5966						
Portfolio Emerging Markets	5	49.1	49.1	52.47	+0.08	–
Portfolio Fund of Funds Inc	5	158.67	159.22	167.8	—	0.63
Portfolio Fund of Funds Acc	5	158.67	159.22	167.8	—	0.63
Effective Initial Charge reduces for investments over £5,000						
Premium Life Unit Tst Mngrs Ltd (1400)F						
37 Perrymount Rd, Haywards Heath 0444 458721						
Monthly Income	6	55.65	58.70	62.22	+0.15	2.35
Growth Accum	6	61.91	64.08	67.92	–0.02	1.84
Growth Income	6	61.38	63.45	67.28	–0.02	1.84
Principal Unit Trust Mngmt Ltd (1600)F						
16 South Park, Sevenoaks, TN13 1AN 0732 740700						
Principal Tst	5¼	128.34	130.03	138.34	+0.23	1.73

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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CROSSWORD

FT MANAGED FUNDS SERVICE

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Thornton Unit Managers Ltd - Contd.

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey National Life Plc

Acuma Life Assurance Ltd

Clerical Medical/Fidelity Investments

Friends Provident - Contd.

Lancashire & Yorkshire Assce Society

Laurentian Life plc

MGM Assurance (z)

Norwich Union Life Insurance Soc. - Contd.

Prudential Individual Pension Funds

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Scottish Mutual Assurance plc - Contd.

[illegible]

Scottish Provident Group

[illegible]

Scottish Widows' Group

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Alliance Group - Contd.

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Tunbridge Wells Equitable

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

Albany International Assurance Ltd

[illegible]

Allied Dunbar International Assce Ltd

[illegible]

CMI Insurance Co Ltd

[illegible]

Century Life International Ltd

[illegible]

Eagle Star Intl Life

[illegible]

Equitable Life (International)

[illegible]

Eurolife Assurance Group

[illegible]

Friends Provident International

[illegible]

Hansard International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

Providence Capital International Ltd

[illegible]

Royal Life International

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Scottish Provident Intl Life Assce Co Ltd

[illegible]

Sun Alliance International Life

[illegible]

Sun Life International (IOM) Ltd

[illegible]

MANAGEMENT SERVICES

Capital Trust Financial Management

[illegible]

Chase de Vere PLC

[illegible]

DBS Financial Management Ltd

[illegible]

Fairmount Financial Services Ltd

[illegible]

IFS Capital Management PLC

[illegible]

Johnson Fry Asset Managers Plc

[illegible]

Knight Williams & Company Ltd

[illegible]

Macartney & Dowie Asset Mngt Plc

[illegible]

Marsh Financial Management PLC

[illegible]

Charles Stanley & Co Ltd

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Fed raises discount rate

The US Federal Reserve yesterday announced a 50 basis point increase in the discount rate to [illegible] per cent from 3.5 per cent, *writes Philip Gawith.*

The dollar's initial response was favourable, jumping from DM1.5515 before the announcement to DM1.5660 against the D-Mark. [illegible] reported a surge [illegible] interest in [illegible] Treasury bonds, [illegible] should help the dollar.

[illegible] decision by the [illegible] Open Market Committee, the policy making arm of the Fed, was favourably received by analysts who who described it as [illegible] "healthy, decisive move".

The rate increase was the fifth this year by the Fed. It said in a statement that it expected its actions "to be sufficient, at least for a time, to meet the objective of sustained non-inflationary growth."

The federal funds rate – the benchmark for US short term rates – will rise to 4.75 per cent from 4.25 per cent.

Ahead of the FOMC's announcement, which [illegible] 17.17 GMT, [illegible] trading [illegible] board [illegible] fairly listless, with [illegible] and currencies moving in fairly narrow ranges.

The D-Mark [illegible] slightly [illegible] as some [illegible] profits, anticipating [illegible] UK [illegible] Sterling [illegible] an uneventful day with the trade weighted index unchanged all day [illegible]

■ Analysts welcomed both the extent of the Fed's move, and the rhetoric that accompanied it.

Mr Tim Stewart, currency strategist at Morgan Stanley, commented: "This goes [illegible] long way to instilling credibility in the Fed both in terms of its actions and by its rhetoric." He said the dollar had been given [illegible] good deal of support at the DM1.55 level.

Mr [illegible] said the dollar would probably [illegible] its [illegible] from the Treasury bond market [illegible] where the early outlook was encouraging, with [illegible] of foreign investors buying.

Mr [illegible] said [illegible] Fed would be unlikely [illegible] move [illegible] before its November meeting. He is not predicting a further rise [illegible]

[illegible] Mr Julian Jessop, international economist at Midland Global Markets, predicted that the federal funds rate would probably rise to 5 per cent this year, still a long way short of the 5.85 per cent being discounted by [illegible] December [illegible] dollar contract.

■ Ahead of the FOMC, activity in [illegible] interest [illegible] futures [illegible] The [illegible] short sterling contract [illegible] only [illegible] lots, but [illegible] four [illegible] points firmer [illegible] 93.23, helped by [illegible] lower than expected July public sector borrowing figure, and the CBI [illegible] showing that [illegible] spending remains patchy.

Mr Nick Parsons, treasury [illegible] at CIBC in London, [illegible] still "far too gloomy" [illegible] the outlook for rates.

He noted that at the beginning of the year, December short sterling reflected three month interest [illegible] 4.4 per cent by the end of 1994. This figure is now close to 6.8 per cent - "a massive turnaround by any standards".

Mr Parsons noted that, [illegible] back [illegible] 1989, three month LIBOR, [illegible] implied from [illegible] futures market, had never closed more than [illegible] basis points above the base rate.

But even if UK rates jump by [illegible] per cent to [illegible] per cent, the December contract is still nearly 80 [illegible] points above this level.

"It is hard to see what will drive three month rates to 6.8 per [illegible] by December," [illegible] Mr Parsons.

■ [illegible] Ward, economist at Bank Julius Baer in London, makes a similar point, noting that on the March 1995 futures contract for sterling and D-Mark [illegible] the expected differential has widened from a low of 52 basis points in March to around 200 basis points now.

[illegible] while expectations of [illegible] UK short term rates [illegible] pound, [illegible] occurred. "The widening gap seems to have reflected market perceptions of a weaker pound ahead. The [illegible] is flowing from the currency to interest rates rather than vice versa.

She cites two other factors which explain the six per cent fall in the pound against the D-Mark this year. One is that sterling has traded like a "transatlantic" currency, following roughly half of the 6.7 per cent move down in the dollar.

The other is that "exchange [illegible] ignored strong UK [illegible] for [illegible] stronger [illegible] in Germany." [illegible] one to foster inflation.

Although purchasing [illegible] parity [illegible] suggest [illegible] pound is nearly 10 per cent undervalued against the D-Mark, Ms Ward says it is difficult [illegible] make [illegible] buying pounds "without a convincing move on base rates first".

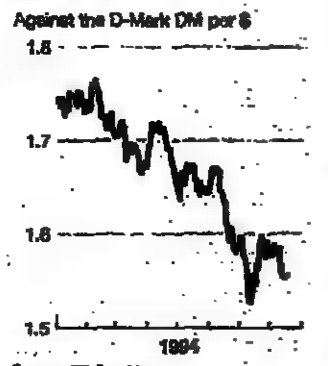
Sterling closed at DM[illegible] from DM2.4061 and at [illegible] from $1.5467.

The Bank of England did not operate in [illegible] morning or [illegible] yesterday, providing UK money markets with only £90m late assistance [illegible] earlier forecasting a [illegible] shortage.

Overnight [illegible] traded [illegible] 4½ [illegible] per cent.

Dollar

Against the D-Mark (DM per $)



Source: FT Graphite

■ Pound in New York

Aug 16	—Latest—	—Prev. close—
£ spot	1.5430	1.5415
1 mth	1.5424	1.5408
3 mth	1.5408	1.5412
1 yr	1.5280	1.5272

■ OTHER CURRENCIES

Aug 16	£	$
[illegible]	165.338 - 165.573	107.380 - 107.480
Iran	2708.00 - 2709.00	1748.00 - 1750.00
[illegible]	[illegible]	[illegible]
[illegible]	34912.7 - 34977.1	[illegible]
[illegible]	3267.30 - 3272.70	2115.00 - 2125.00
UAE	5.6469 - 5.6614	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 16		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	[illegible]	19.27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	497.8	[illegible]	24.43	[illegible]	[illegible]	[illegible]	3.117	313.0	2.653
Denmark	(DKr)	51.90	10	[illegible]	[illegible]	1.063	2575	[illegible]	11.08	258.2	210.0	[illegible]	2.111	[illegible]	[illegible]	1.618	162.4	1.335
France	(FFr)	[illegible]	11.58	10	2.914	1.231	[illegible]	[illegible]	[illegible]	[illegible]	243.2	[illegible]	2.445	1.217	2.587	1.874	188.1	1.554
Germany	(DM)	[illegible]	[illegible]	3.431	1	[illegible]	1023	1.123	[illegible]	102.6	[illegible]	[illegible]	[illegible]	0.418	0.888	0.643	64.55	0.527
Ireland	(I£)	[illegible]	9.405	8.121	[illegible]	1	2422	[illegible]	10.42	[illegible]	197.5	11.93	[illegible]	[illegible]	2.101	1.522	152.8	1.246
Italy	(L)	[illegible]	0.388	[illegible]	[illegible]	[illegible]	[illegible]	0.110	0.430	[illegible]	8.156	[illegible]	0.082	0.041	0.087	0.063	6.308	0.051
Netherlands	(Fl)	[illegible]	3.838	[illegible]	[illegible]	[illegible]	911.2	1	3.922	91.38	[illegible]	[illegible]	0.747	0.790	0.572	57.47	0.469
Norway	(NKr)	[illegible]	9.022	7.790	2.270	[illegible]	2323	2.550	10	[illegible]	[illegible]	[illegible]	[illegible]	0.945	2.015	1.460	146.5	1.195
Portugal	(Es)	[illegible]	3.843	[illegible]	[illegible]	[illegible]	997.2	[illegible]	[illegible]	100.	81.59	[illegible]	[illegible]	[illegible]	0.863	0.627	62.90	0.513
Spain	(Pta)	24.71	[illegible]	4.111	[illegible]	[illegible]	1226	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.036	[illegible]	1.064	0.770	77.18	0.631
Sweden	(SKr)	[illegible]	[illegible]	6.809	[illegible]	[illegible]	2031	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.829	1.761	1.276	128.1	1.045
Switzerland	(SFr)	24.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.281	122.2	99.59	[illegible]	[illegible]	[illegible]	0.767	76.55	0.628
UK	(£)	[illegible]	[illegible]	1.012	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.07	2.009	1	2.126	1.540	154.6	1.261
Canada	(C$)	[illegible]	4.477	[illegible]	1.127	[illegible]	[illegible]	[illegible]	[illegible]	115.6	[illegible]	[illegible]	[illegible]	0.945	1	0.724	72.72	0.593
US	($)	[illegible]	3.336	[illegible]	[illegible]	[illegible]	[illegible]	1.747	[illegible]	[illegible]	[illegible]	[illegible]	1.305	0.649	1.381	1	100.4	0.819
Japan	(Y)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.40	[illegible]	[illegible]	[illegible]	12.99	[illegible]	[illegible]	13.75	9.961	1000.	8.157
Ecu		[illegible]	[illegible]	[illegible]	0.903	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.572	1.600	0.793	1.687	1.221	122.6	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6441	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	-0.0021	[illegible]	[illegible]	[illegible]	[illegible]
Mar	-	0.6463	-	-	-	92	1,812

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7672	0.7678	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	-	0.7711	-	-	-	13	46

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	63,078
Dec	[illegible]	1.0041	[illegible]	1.0041	1.0030	198	6,914
Mar	-	1.0165	-	-	-	10	1,125

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5400	[illegible]	[illegible]	1.5414	1.5366	4,495	32,733
Dec	[illegible]	[illegible]	[illegible]	1.5370	1.5350	30	914
Mar	-	[illegible]	-	-	-	-	154

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

[illegible]

■ THREE MONTH EUROLIRA INT. RATE FUTURES (LIFFE) L1000m points of 100%

[illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

[illegible]

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

[illegible]

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

[illegible]

BASE LENDING RATES

[illegible]

● Members of London Investment Banking Association

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 16 / Sch)

BELGIUM/LUXEMBOURG (Aug 16 / Frs.)

DENMARK (Aug 16 / Kr)

FINLAND (Aug 16 / Mka)

FRANCE (Aug 16 / Frs.)

GERMANY (Aug 16 / Dm.)

ITALY (Aug 16 / Lire)

NETHERLANDS (Aug 16 / Fls.)

NORWAY (Aug 16 / Kroner)

SPAIN (Aug 16 / Pta.)

SWEDEN (Aug 16 / Kronor)

SWITZERLAND (Aug 16 / Frs.)

PACIFIC

JAPAN (Aug 16 / Yen)

AUSTRALIA (Aug 16 / Aus$)

HONG KONG (Aug 16 / H.K.$)

MALAYSIA (Aug 15 / MYR)

SINGAPORE (Aug 16 / S$)

NORTH AMERICA

CANADA

TORONTO (Aug 16 / Can $)

4 pm close

MONTREAL (Aug 16 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Aug 16 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, August 16, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	14.9m	375	+3	Sumitomo Mtl	4.7m	326	+7
NKK	13.7m	2888	+3	Kawasaki Steel	4.5m	422	+4
Kobe Steel	8.7m	327	+7	UBE Inds	4.1m	42m4	+5
Mitsubishi [illegible]	6.8m	1180		Mitsubishi Kasei	3.2m	557	+7
Sumitomo Chem	5.3m	572	+18	Teijin	3.1m	600	+5

INDICES

US INDICES

■ RATIOS

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Aug	2026.0	2014.0	-5.0	2036.0	[illegible]	-	24,107
Sep	2034.0	[illegible]	-5.0	2042.5	2024.0	403	27,651
Dec	2054.5	2050.5	[illegible]	[illegible]	2054.5	[illegible]	1,100

Open interest figures for previous day.

** Sat Aug 13: Taiwan Weighted Price 6563.91; Korea Comp Ex (c). Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall: Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 16 - 2152.65 +18.31

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chg'e Prev. Close
[illegible]										

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

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NYSE COMPOSITE PRICES

4 pm close August 16

Continued from previous page

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Price	Chng Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

[illegible]

AMEX COMPOSITE PRICES

4 pm close August 16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NASDAQ NATIONAL MARKET

4 pm close August 16

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMERICA

Dow climbs on rate rise of 50 points

Wall Street

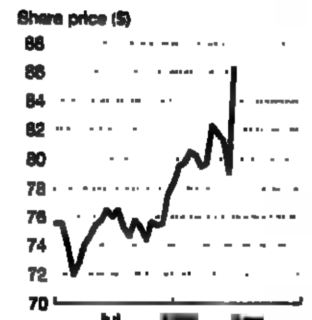
US share prices struggled to keep pace with a rising bond market yesterday morning, as investors jockeyed for position [illegible] an expected tightening [illegible] monetary policy which [illegible] confirmed just [illegible] mid-session, *writes Frank McGurty in New York.*

By 1.20 pm, after [illegible] news [illegible] released, the [illegible] Industrial Average was 13.60 higher at 3,773.89.

[illegible] trading ahead of the announcement the [illegible] broadly [illegible] Standard & [illegible] 500 [illegible] 1.75 better [illegible]. Volume on the Big Board was moderate, with [illegible] shares exchanged by early afternoon. Secondary

Hewlett Packard

Share price ($)



Source: FT Graphite

markets lagged behind the [illegible] York SE – the [illegible] composite [illegible] lower [illegible] 442.30 [illegible] Nasdaq composite slipped 0.57 [illegible] 732.32.

As [illegible] Reserve [illegible] gathered for a policy-making session in Washington, [illegible] analysts expected a [illegible] to raise short-term [illegible] rates. Equity investors appeared uncertain about how a [illegible] increase would [illegible] stocks, [illegible] only [illegible] being that [illegible] would fall if policy [illegible] unchanged.

As a [illegible], [illegible] the leading [illegible] were hovering close [illegible] their opening values for most of [illegible] morning.

[illegible] in the session, equities [illegible] improvement – a response to a solid upturn [illegible] prices. However, the advance by Treasuries mostly [illegible] positioning in [illegible] hours [illegible] Fed announcement, undercutting [illegible] momentum.

Among the economically sensitive Dow industrial components, Caterpillar climbed $1½ [illegible] $107[illegible]. [illegible] rise accounted for much of the index's [illegible].

Alcoa dipped $[illegible] [illegible] $76[illegible] [illegible] Bethlehem Steel was $½ lower [illegible] $21.

While investors awaited [illegible] from Washington, a [illegible] fresh earnings reports provided a welcome distraction.

Hewlett-Packard, the California-based computer maker, surged $7⅛, or 9 per cent, to [illegible] after producing strong third-quarter results.

However, [illegible] robust performance failed [illegible] trigger broadly based buying [illegible] the technology [illegible]. IBM [illegible] to $64⅛, while [illegible] Development fell victim [illegible] profit-taking, [illegible] back $1 to [illegible] after [illegible] strong outings.

An exception was Micron Technology, which climbed $1 [illegible] an [illegible] from Piper Jaffray.

[illegible] leading [illegible] also [illegible] quarterly results, [illegible] the reception from [illegible] was generally favourable.

[illegible] Depot jumped [illegible] on news [illegible] the do-it-yourself [illegible] continued growth. Dayton [illegible] advanced [illegible] after revealing [illegible] of a strong quarter.

Wal-Mart's results lacked surprises, [illegible] the [illegible] $24⅛.

Toys R [illegible] to [illegible] heavy volume of 1.5m [illegible] Ladenbury Thalmann placed [illegible] on [illegible] "buy" list.

Among [illegible] disappointments, JC Penney was [illegible] to $47⅛, [illegible] though [illegible] second-quarter [illegible] income of 41 [illegible] was well above [illegible] year-earlier result.

Pepsico gained [illegible] at [illegible] announcing [illegible] of its [illegible] repurchase programme.

Canada

Toronto [illegible] were [illegible] the market [illegible] news from the US [illegible] outcome of the [illegible] meeting.

At [illegible] the TSE-300 [illegible] 3.33 [illegible] 4,166.40 in volume [illegible] 32.4m [illegible] valued [illegible] C$411.9m. Declines led advances by 360 to 208, with 300 issues unchanged.

Gold [illegible] the [illegible] losses, shedding 1.1 [illegible] in the sub-index.

Brazil

Equities in São [illegible] fell back [illegible] early [illegible] by midsession, although [illegible] Bovespa [illegible] remained up 358, [illegible] 0.7 per cent, at 46,868. [illegible] said that the [illegible] remained positive.

Turnover [illegible] midday was [illegible].

[illegible] preferred were in demand, the shares rising [illegible] per cent [illegible].

Venezuela

Share prices in Caracas made sharp gains following Monday's holiday closure, although volume was reported as low.

The composite index added 4.92, [illegible] cent, at [illegible] as turnover fell [illegible] bolivars from Friday's [illegible] bolivars.

Electricidad de Caracas moved ahead 11.60 bolivars [illegible] 341.10 bolivars.

EUROPE

Frankfurt, Zurich speculate on FOMC meeting

With any decision on [illegible] interest rates from the FOMC in Washington consigned to the American afternoon, bourses could only speculate on the result, *writes Our Markets Staff.*

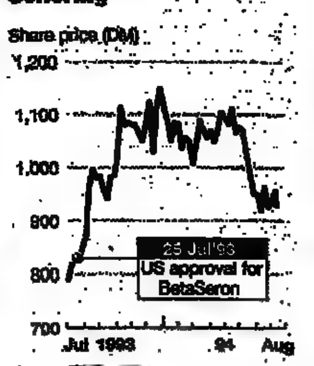
FRANKFURT had its fun in the post bourse as the September bund future took a view on the Washington meeting, and jumped 44 basis points to 91.99 on the proposition that the Fed would impose a 50-point rate rise later in the US day, a forecast that was later confirmed.

[illegible] just [illegible] 2,143.14 in the Dax on the session, the [illegible] saw [illegible] Ibis-indicated [illegible] of [illegible] before it [illegible] 2,152.65. However, Ms Barbara Altmann at B Metzler in Frankfurt, said there was little trading as investors bided their time ahead of the FOMC decision; short-covering, she added, took the Dax constituents up in the [illegible].

Turnover rose from DM5.1bn [illegible]. Schering, [illegible] pharmaceuticals group, dropped [illegible] DM915 [illegible] said [illegible] drugs [illegible] under examination, and regained only DM6 [illegible] hours [illegible] neither [illegible]

Schering

Share price (DM)



Source: FT [illegible]

carcinogenic and calling a press conference for tomorrow morning to elaborate.

Construction [illegible] were strong, Strabag rising DM17.50 to DM510.50 on a 20 per cent increase in orders in the first half of 1994. In chemicals, BASF rose DM4.90 to DM327.20 as its Wintershall subsidiary forecast a profit from its gas operations in 1995, a year earlier than originally planned.

AMSTERDAM recovered all [illegible] Monday's losses, helped by good gains in a number of the blue chips. The AEX index improved 1.89 to 417.07.

Unilever rose Fl 3.10 [illegible] Fl 199.60, a number of brokers having issued positive reports following [illegible] week's [illegible]. Among them was James Capel, which reiterated its buy recommendation and remained optimistic about earnings per [illegible] growth during [illegible] and [illegible].

Philips and KPN [illegible] saw buying strength [illegible] they announced plans to establish a joint venture, together with Graff Pay-Per-View, of the US, to provide a new media service in Europe. Philips put [illegible] 30 [illegible] and KPN added 70 cents [illegible] Fl 50.50.

Hunter Douglas shed Fl 1.30 to Fl 83.70 as profits were taken following its better than expected results, while Wolters Kluwer [illegible] Fl 1.50 [illegible] Fl 120.50 after announcing a 23 per cent gain in first-half profits and forecasting 20 per cent growth over the full year.

MILAN returned after Monday's holiday and continued to monitor the political temperature, following [illegible] unexpected rise in interest rates and a weekend of meetings between coalition partners in Mr Silvio [illegible] government. The Comit index [illegible] 9.72 higher at 654.15.

Analysts expect the nervousness [illegible] continue, with the [illegible] budget [illegible] be [illegible] to parliament [illegible] September 30. Among individual performances, [illegible] advanced L35 [illegible] L6,385, [illegible] rose L650 to L22,450 [illegible] Olivetti L75 [illegible] L2,195.

ZURICH took the Frankfurt line on FOMC prospects and the SMI index rose 18.1 to 2,588.7. Roche certificates and Nestlé were the most active stocks, with gains either side of 1 per cent.

In banks, UBS recovered with a rise of SFr25 to SFr1,112, and SBC bearers rose SFr3 to SFr397 ahead of results which arrived after hours. However, analysts flinched when they saw the figures, which included a 63 per cent drop in first-half trading income, and said that the shares would tumble today.

MADRID fell against the trend, the general index losing 1.71 at 311.18. Bonds were slightly firmer but most banks were down, with BBV off Pta45 at Pta3,040 and BCH Pta80 at Pta2,665. ADR stocks such as Endesa, Pta50 lower at Pta6,010, and Repsol, down Pta95 at Pta3,930, became less attractive as Wall Street lost its impetus late in the European day.

PARIS drifted higher in a session that was characterised by a lack of corporate news. The CAC-40 index improved 5.40 to 2,012.35 in thin turnover of about FFr2bn.

STOCKHOLM staged a modest recovery as the market reversed three days of losses.

Ericsson, the telecommunications group, provided the main support [illegible] the market, [illegible] shares in the forestry [illegible] were also strong.

The Affärsvärlden general index was little changed, down 0.3 at 1,400.3, in moderate turnover of SKr2.2bn.

Ericsson B shares rose SKr4 to SKr393 ahead of tomorrow's six-month figures, while Electrolux lost SKr3 at SKr368 in spite of reporting an improvement in half-year results.

TEL AVIV fell another 2 per cent, the Mishtanim index closing 3.74 lower at 183.40 after the Israeli finance minister Mr Avraham Shohat said Israel's 1994 inflation rate would be double digit, revising an official forecast of 8 per cent.

Mr Shohat had more news for the market after hours when he proposed a capital gains tax on share profits, specifically a 10 per cent tax on real profits from share investments. He said that the market would be closed on Wednesday and Thursday to ease the way for his recommendation.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Aug 16 Hourly changes	[illegible]	[illegible]	[illegible]	12.00	13.00	14.00	15.00	[illegible]
FT-SE Eurotrack 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1357.69	1358.59
FT-SE Eurotrack 200	[illegible]	1410.68	1410.64	1411.02	[illegible]	1410.05	[illegible]	1414.41

	Aug [illegible]	Aug 12	Aug 11	Aug 10	[illegible] 9
FT-SE Eurotrack 100	[illegible]	[illegible]	1376.03	1384.25	[illegible]
FT-SE Eurotrack 200	1407.89	[illegible]	1425.70	1432.72	1439.28

Base 1000 (26/10/90); High/day: 100 - 1358.59; 200 - 1414.41 Low/day: 100 - 1353.34 200 - 1408.11 † Partial

Written and edited by William Cochrane and John Pitt

[illegible] PACIFIC

Hong Kong falls sharply as HSBC drops 3 per cent

Tokyo

[illegible] buying by [illegible] prices, and [illegible] 225 [illegible] gained ground in spite [illegible] a lack [illegible] corporate news, [illegible] *in Tokyo.*

The index ended [illegible] firmer [illegible] 20,786.36, having opened [illegible] the day's low [illegible] 20,657.28 and peaked [illegible] in [illegible] early afternoon before slipping on small-lot index-linked selling.

[illegible] recovered from 152m [illegible]. Foreign and brokerage buying helped, and a rise in Nikkei futures prompted index-linked purchases [illegible] arbitrageurs. [illegible] investors were absent [illegible] the Obon holidays, while [illegible] remained [illegible] ahead of yesterday's [illegible] Reserve Board's open market [illegible] meeting.

The Topix [illegible] of all first section [illegible] rose [illegible] while the Nikkei 300 gained 1.47 at [illegible]. Winners led [illegible] by 593 [illegible] 334, with [illegible] issues unchanged. In London [illegible] ISE/Nikkei 50 index eased [illegible] 1,343.90.

Basic material issues, including steels, [illegible] cements, [illegible] actively traded. These stocks [illegible] seen as beneficiaries of an [illegible] pick-up, [illegible] in low [illegible] prices.

The three [illegible] Nippon [illegible] Y375, [illegible] Y3 [illegible] Y288 and [illegible] Y7 [illegible].

Buying [illegible] spread [illegible] smaller steelmakers, [illegible] Hitachi [illegible] gaining [illegible] Y1,330 [illegible] Nippon [illegible] Industry, [illegible] steel maker, rising Y13 [illegible].

[illegible] supported [illegible]. Sumitomo [illegible] a new high for [illegible] Y572, and [illegible] Denko [illegible] Y4 [illegible].

[illegible] were higher on arbitrage buying. Sakura Bank moved up Y10 [illegible] Y1,420, as [illegible] Fuji Bank, [illegible] Y2,340. Brokers [illegible] also stronger, with Nomura Securities up Y30 to [illegible] and Nikko [illegible] Y20 [illegible] at Y1,280.

[illegible] which had gained recently [illegible] the [illegible] in consumer spending, met profit-taking. Mitsukoshi receded Y10 to [illegible] and Ito-Yokado [illegible] Y40 at Y5,220.

In [illegible], the OSE [illegible] rose 72.22 [illegible] in volume of 32.2m shares.

Roundup

The region awaited yesterday's meeting [illegible] the US Federal Reserve for an announcement on a possible rise in US interest [illegible] – a factor which would have an effect on those countries linked to the dollar.

HONG KONG was [illegible] down by selling of HSBC and Hang Seng [illegible] following Monday's results, and [illegible] Hang Seng index lost 119.51, or 1.26 per cent, to 9,366.62. Turnover remained thin at HK$2.88bn, after HK$2.32bn on Monday.

HSBC dropped HK$3 [illegible] accounting for 20 [illegible] market activity. Hang [illegible] to HK$52.25.

Brokers said HSBC was likely [illegible] slip [illegible] to [illegible] HK$85 to HK$8 range [illegible] a [illegible] support level.

The Hang Seng H [illegible] index of Chinese companies [illegible] per cent, [illegible].

BANGKOK rallied on heavy buying in the finance and banking sectors against a background of broad but muted selling. The SET index put on 8.30 at 1,461.71 in high turnover of Bt18.1bn.

The finance sector rose 2 per cent on good earnings reports. Properties slipped on weak results: Bangkok Land lost Bt1 to Bt79.50 and Tanayong fell Bt1.50 to Bt65.00.

KUALA LUMPUR was [illegible] by [illegible] from the central bank that [illegible] was to end a ban on swap deals by banks with non-residents in an effort to encourage foreign funds back into the country. The composite index rose 15.38 to 1,108.18 in M$1.9bn turnover.

SINGAPORE gained ground on foreign buying of blue chips. The Straits Times Industrial index added 6.82 at 2,308.57, with 192m shares worth S$518m traded.

Activity was largely concentrated on Malaysian shares listed in Singapore. Brokers noted that the lifting of the ban [illegible] swap [illegible] in Malaysia drew funds back into the market.

SEOUL's composite [illegible] shed 4.71 to 939.0 in thin trading, but Samsung Electronics, whose half-year profits tripled, went the day's limit up to this year's high of Won98,900, adding Won2,500.

TAIPEI saw its financial and paper [illegible] rebound after five consecutive days of falls, and an announcement by the Ministry [illegible] Finance [illegible] would inject funds into [illegible] banking system to ease the tight liquidity. The weighted index rose [illegible] 6,583.9 in turnover of T$69.07bn.

SYDNEY ended at its lowest [illegible] level in more than a [illegible] as nervousness [illegible] the likelihood of a rise in US interest rates continued to take its toll. The All [illegible] index fell 15.7 to 2,040.0 in turnover of [illegible].

BHP declined 22 cents to a three-week [illegible] A$19.22. Bunnings held at A$10.50 after the diversified hardware group said it expected a continued earnings improvement following a [illegible] per [illegible] in [illegible] profits.

WELLINGTON [illegible] ground on profit-taking [illegible] a post by-election rally [illegible] of [illegible] week. The NZSE-40 capital [illegible] 14.67 down [illegible] in NZ$40.4m turnover.

[illegible] Challenge, in particular, [illegible] singled [illegible] for profit-taking [illegible] a strong [illegible] run, ending 11 [illegible] cheaper at [illegible].

KARACHI's KSE index shed 23.99 to 2,247.06 [illegible] financials and high-priced stocks fell back, and investors squared positions [illegible] settl[illegible]t day.

SRI LANKA remained steady in thin election day trading. The composite index [illegible] a [illegible] 4.6 [illegible].

Baring strategist bullish on Manila

Manila's composite index [illegible] expected to hit [illegible] by the end [illegible] September [illegible] spurt through the 3,000 level. *[illegible] reports from [illegible].*

In [illegible] August [illegible] Tiger Talk from Baring Securities, [illegible] Asian strategy Mr Alan Butler-Henderson [illegible] to [illegible] and [illegible] that the composite could regain [illegible] previous high of [illegible] by December, rising [illegible] in March 1995.

Mr Butler-Henderson [illegible] the Philippine stock market could [illegible] Asia's [illegible] darling, [illegible] a buoyant economy and good corporate fundamentals underpinning [illegible] growth.

[illegible] that the local market had managed [illegible] hold [illegible] extremely well, even through the [illegible] of the last [illegible] months, when a major [illegible] occurred.

Baring [illegible] concerns [illegible] the profits [illegible] for the index heavyweight Philippine Long [illegible] Telephone (PLDT), but [illegible] was [illegible] weighed by strong capital inflows, firming economic growth, declining [illegible] rates and positive corporate news.

The [illegible] shrugged off early profit-taking yesterday [illegible] higher on aggressive buying. [illegible] composite index climbing [illegible] to 3,011.6 for a [illegible] per [illegible] July.

De Beers falls on results

[illegible] Beers fell heavily in Johannesburg [illegible] the diamond group reported disappointing half-year results, and [illegible] lost [illegible] the [illegible] than expected and [illegible] that the [illegible] could move lower.

The [illegible] generally softer, although activity [illegible] volume was [illegible] the [illegible] consecutive [illegible].

The overall [illegible] declined 26 [illegible] 5,763, industrials [illegible] 11 [illegible] and [illegible] gold shares index dipped [illegible] to 2,110.

Anglos [illegible] 50 [illegible] and Johnnies [illegible] R110, but Gold [illegible] edged [illegible] 25 [illegible] following improved annual results. Among gold issues, [illegible] Areas added [illegible] Vaal [illegible] R2 to R390.

Elsewhere, Iscor put on [illegible] but Highveld [illegible] slipped [illegible] 25 [illegible] gains, while [illegible] relinquished [illegible] to finish at [illegible].

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS. Figures in parentheses show number of lines of stock	MONDAY AUGUST 15 1994: US [illegible] Index	Day's Change %	Pound Sterling [illegible]	[illegible] Index	DM [illegible]	Local Currency [illegible]	[illegible] % chg [illegible]	[illegible] Yield	FRIDAY AUGUST 12 1994: US [illegible]	[illegible]	Yen [illegible]	DM [illegible]	Local Currency [illegible]	DOLLAR INDEX: 52 week High	52 week Low	Year ago [illegible]
Australia (58)	174.27	0.1	167.53	110.[illegible]	140.73	156.38	0.2	3.52	174.15	[illegible]	110.07	140.65	156.08	[illegible]	[illegible]	[illegible]
Austria (17)	102.08	0.2	[illegible]	121.73	155.10	[illegible]	0.0	1.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium (37)	176.60	0.3	169.76	111.92	142.01	139.32	[illegible]	3.97	176.13	[illegible]	111.33	142.45	[illegible]	176.78	143.62	[illegible]
Canada (105)	129.35	-0.1	123.33	81.34	103.04	128.23	-0.2	2.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark (33)	262.07	-0.2	251.53	166.10	211.03	219.65	-0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	220.35	275.79	[illegible]	[illegible]
Finland (24)	156.50	-0.1	152.37	[illegible]	127.99	171.27	-0.6	0.82	158.67	152.09	100.29	128.33	172.38	[illegible]	[illegible]	111.57
France (97)	174.68	0.0	167.92	110.71	141.06	146.32	[illegible]	3.01	174.75	[illegible]	[illegible]	[illegible]	146.32	185.37	159.15	[illegible]
Germany (58)	145.93	0.7	140.19	92.43	117.77	117.77	0.6	1.76	144.77	[illegible]	[illegible]	[illegible]	117.09	147.24	121.25	[illegible]
Hong Kong (55)	385.44	0.0	370.53	244.29	311.27	382.42	0.0	3.17	[illegible]	[illegible]	243.56	311.67	[illegible]	[illegible]	[illegible]	[illegible]
Ireland (14)	201.37	0.2	193.58	127.62	162.62	190.56	0.3	3.32	[illegible]	[illegible]	127.07	[illegible]	186.06	[illegible]	[illegible]	164.32
Italy (61)	77.27	0.4	74.23	48.34	62.35	91.71	0.0	[illegible]	[illegible]	[illegible]	[illegible]	62.21	91.71	97.78	[illegible]	[illegible]
Japan (469)	164.54	-0.2	158.17	104.29	132.88	104.28	0.0	0.73	164.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia (98)	531.10	-1.3	510.55	336.61	428.89	523.94	-1.1	1.58	[illegible]	[illegible]	340.15	435.27	[illegible]	631.63	[illegible]	[illegible]
Mexico (18)	2217.11	1.3	2131.31	1405.17	1790.40	8241.83	1.1	1.62	2195.91	2104.75	1387.92	1776.02	[illegible]	2647.08	1615.11	1618.21
Netherland (27)	213.83	0.4	205.56	135.52	172.63	170.19	[illegible]	[illegible]	213.01	204.17	[illegible]	[illegible]	[illegible]	[illegible]	174.19	174.19
New Zealand (14)	72.19	2.4	69.40	45.75	58.30	63.46	[illegible]	3.77	[illegible]	67.57	[illegible]	[illegible]	62.31	77.59	[illegible]	[illegible]
Norway (23)	206.03	0.3	198.10	130.61	166.41	191.12	0.7	1.73	[illegible]	[illegible]	[illegible]	165.22	[illegible]	211.74	165.52	[illegible]
Singapore (44)	358.90	-0.6	344.32	227.40	289.75	249.09	-0.5	1.59	361.00	346.02	[illegible]	[illegible]	250.45	378.92	270.72	270.72
South Africa (59)	309.57	-1.9	297.30	193.42	241.35	297.22	-0.6	2.00	301.92	289.39	190.83	244.19	298.94	301.92	[illegible]	193.22
Spain (42)	144.60	0.0	139.00	91.64	116.77	142.30	[illegible]	[illegible]	[illegible]	[illegible]	91.38	[illegible]	142.30	[illegible]	[illegible]	123.93
Sweden (36)	211.55	-0.5	203.37	134.08	170.84	242.02	-1.0	1.64	[illegible]	203.78	[illegible]	171.95	245.11	231.35	[illegible]	185.56
Switzerland (47)	162.41	0.2	156.13	102.94	131.15	131.34	-0.1	1.85	[illegible]	[illegible]	102.84	131.35	131.52	178.56	130.21	[illegible]
United Kingdom (204)	198.11	-0.3	190.44	125.56	159.98	190.44	0.0	3.98	[illegible]	190.47	[illegible]	160.73	190.47	[illegible]	[illegible]	[illegible]
USA (519)	189.46	-0.1	181.17	119.44	152.19	188.46	-0.1	[illegible]	188.74	[illegible]	[illegible]	[illegible]	[illegible]	196.04	178.95	[illegible]
EUROPE (720)	171.92	0.0	165.17	109.00	138.75	154.24	[illegible]	[illegible]	171.77	[illegible]	108.57	[illegible]	[illegible]	178.58	[illegible]	[illegible]
Nordic (116)	209.85	-0.3	201.73	133.00	169.46	234.87	-0.7	1.45	210.40	[illegible]	[illegible]	170.17	206.24	222.03	173.19	[illegible]
Pacific Basin (745)	173.25	-0.2	166.55	109.80	139.91	114.62	0.0	1.06	173.67	[illegible]	109.77	140.47	[illegible]	[illegible]	134.79	[illegible]
Euro-Pacific (1465)	172.52	-0.1	165.84	109.34	139.32	130.55	0.0	1.87	[illegible]	165.57	109.18	[illegible]	130.53	[illegible]	[illegible]	[illegible]
North America (624)	184.72	-0.1	177.53	117.08	149.18	[illegible]	-0.1	[illegible]	185.00	[illegible]	[illegible]	[illegible]	184.61	192.73	175.67	180.47
Europe Ex. UK (516)	153.34	0.2	147.08	97.56	124.31	[illegible]	[illegible]	2.44	[illegible]	147.21	97.08	[illegible]	[illegible]	[illegible]	[illegible]	131.08
Pacific Ex. Japan ([illegible])	258.84	-0.2	248.83	164.05	209.02	230.51	-0.2	[illegible]	259.45	248.68	163.90	209.84	[illegible]	296.21	196.75	[illegible]
World Ex. [illegible] (1651)	173.92	-0.1	[illegible]	110.16	140.37	134.13	[illegible]	[illegible]	174.05	[illegible]	110.01	140.77	134.11	175.01	145.58	[illegible]
World Ex. UK (1966)	175.66	-0.1	[illegible]	111.23	141.85	147.18	-0.1	2.04	175.87	168.57	111.16	[illegible]	147.25	178.51	[illegible]	[illegible]
World Ex. So. Af. (2111)	176.85	-0.1	170.04	112.11	142.84	150.00	0.0	2.23	177.11	169.78	111.94	[illegible]	[illegible]	[illegible]	[illegible]	166.71
World Ex. Japan (1701)	186.20	-0.1	179.57	119.30	150.85	178.16	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	178.30	[illegible]	170.66	[illegible]
The World [illegible] (2170)	177.65	-0.1	170.77	112.59	143.46	151.09	0.0	[illegible]	177.89	170.51	[illegible]	[illegible]	151.16	[illegible]	[illegible]	[illegible]

Latest prices were unavailable for this edition. Markets closed 15/8/94: Austria, Belgium, France, Italy & Spain

مطابق للأصل

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday August 17 1994

IN BRIEF

Hewlett-Packard sustains growth

Hewlett-Packard, the pace-setter of the computer industry, maintained its rapid growth in the third quarter with revenues up 22 per cent and a 27 per cent rise in orders. Net earnings for the third quarter to July 31 were $347m. Page 15

Warehouse side curbs Wal-Mart
Wal-Mart reported profits growth of 14 per cent in the second quarter despite a poor performance from the group's warehouse club operations. The figures were in sharp contrast with the worsening losses reported this week by Kmart, Wal-Mart's biggest rival. Page 15

First-half advance at Hyundai Motor
Hyundai Motor, South Korea's largest carmaker, reported net profits of Won68.2bn ($85m) for the first half of 1994, a 343 per cent advance on the corresponding period last year, during which the company was hit by almost two months of industrial action. Page 16

Lac suitors seek to kill 'poison pill'
The two gold producers bidding for Toronto-based Lac Minerals will ask the Ontario Securities Commission tomorrow to dissolve a "poison pill" which Lac has put in place to discourage predators. Page 14

DnB posts record at mid-term
Den norske Bank, Norway's largest bank, recorded its biggest half-year profit in the first six months of this year, helped by the reversal of a long trend of heavy loan-loss provisions. It reported a pre-tax profit of NKr1.48bn ($208m). Page [illegible]

Philips, KPN join Graff in pay-TV
Philips, the Dutch electronics group, and KPN, the Netherlands' recently-privatised telecommunications operator, are to enter the European pay-television market in a joint venture with Graff Pay-Per-View, a US company. Page 14

De Beers earnings slip 5%
De Beers, the South African company that dominates the world diamond industry, recorded a 5 per cent drop in earnings to $460m for the first six months of 1994, down from $482m a year ago. Page 15

Bowater buys windows group
Bowater, the UK packaging, printing and coated products group, yesterday announced its first sizeable acquisition of the year with the purchase of a windows manufacturer for £34.75m ($54m) in cash and a further performance-related deferred payment of up to £5m. Page 18

Sedgwick advances to £63m
Sedgwick, the UK insurance broker, yesterday [illegible] pre-tax profits of £63.4m ($98m) for the first six months of 1994, compared with a restated £55.8m last time, buoyed by growth in its European and North American retail operations. Page 18

S&P affirms Turkish credit rating
Turkey's rating outlook may be stabilising following several credit rating downgrades earlier this year. Standard & Poor's, the US rating agency, yesterday affirmed its B+ rating for Turkey's long-term foreign currency debt. Page 16

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Beiersdorf	1094	+	14
Bilfinger Berg	870	+	25
Hochtief	960	+	30
Zanders Feinpap	250	+	10
Falls			
Lahmeyer	670	–	10
Porsche	830	–	19

NEW YORK ($)

Rises			
Dayton Hudson	85¾	+	1⅝
Hewlett-Packard	86¼	+	7⅞
Home Depot	43⅜	+	2
Pepsico	32¼	+	1⅛
Falls			
Lotus Dev	43½	–	1
Penney (JC)	47⅞	–	1⅛

PARIS (FFr)

Rises			
BIC	1290	+	34
Lafarge Coppee	441.4	+	13.9
Roussel-Uclaf	633	+	17
Falls			
Cr Foncier	560	–	37
Elf Sanofi	920	–	24
Salomon	428.7	–	11.1

TOKYO (Yen)

Rises			
Hitachi Metals	1330	+	50
Kobe Steel	327	+	7
Nikko Secs	1230	+	20
Nippon Metal	468	+	13
Nomura Secs	2280	+	30
Falls			
Mitsubishi	1080	–	10

New York prices at 12.30.

LONDON (Pence)

Rises			
Biotrace	144	+	15
Bluebird Toys	215	+	5
Calor	293	+	12
Cussins Prop	118	+	6
Eurocopy	65	+	4
GEC	282	+	6
MTM	76	+	4
Pifco	358	+	10
Proteus	194	+	9
Ralyon	243	+	8
Rothmans	382	+	8
Severn Trent	550	+	12
Unilever	1126	+	19
Wellcome	715	+	27
Falls			
Aslan	188	–	9
BICC	412	–	9
GKN	630	–	10
HSBC	717	–	32
ICI	821	–	17
Micro Focus	873	–	180
Renold	169½	–	7½
Scantronic	20	–	5½
Serif	21½	–	3½
T&N	248	–	12

Electrolux soars to SKr1.66bn

By Christopher Brown-Humes in Stockholm

Large capital gains and a strong underlying recovery helped Electrolux, the world's biggest manufacturer of household appliances, to multiply its first-half profits.

The pre-tax figure, after financial items, jumped to SKr4.43bn ($570m) from SKr605m including SKr2.77bn in capital gains on disposals. Excluding these items, the result was up 174 per cent at SKr1.66bn, slightly ahead of market expectations of [illegible].

Operating [illegible] 71 [illegible]. The upturn [illegible] by the [illegible] household appliance division and reflected cost-cutting, new product launches and better demand in the US and Europe.

The US market had a particularly strong second quarter, helped by hot weather conditions which drove up sales of air conditioning and outdoor equipment. The pattern in Europe was less of clear recovery than of stabilisation in some markets, such as the UK, Spain and Nordic countries, and a slowing of the downturn in others, such as Italy and France.

The company remains cautious about prospects in Europe, warning that interest rate rises could undermine the turnround which appears to be under way. It also expects a slight slowing of US sales.

But the second half will see lower financial costs after a disposal programme which has reduced net debt by SKr7.5bn since last year. The main disposal was Autoliv, the car safety [illegible] manufacturer, [illegible] contributed a [illegible] capital gain.

Group [illegible] expanded [illegible] SKr55.5bn from SKr49.6bn, up [illegible] per cent on an underlying basis. Higher volumes account for most of the increase, although Mr Leif Johansson, chief executive, signalled that the group had obtained [illegible] price increases.

"We are beginning to see limited price increases, both in the US and in Europe, particularly in outdoor products," he said, but [illegible] expectations for price rises were lower in the current [illegible] in previous [illegible].

The company [illegible] it has slightly increased its market share in Europe and US through own-brand sales.

Second-quarter profits, excluding capital gains, [illegible] to [illegible] from SKr483m. The group [illegible] with [illegible] underlying operating margins during the period had [illegible] from [illegible] per [illegible].

First-half [illegible] appliance [illegible] 11.2 per [illegible] SKr31.5bn, from SKr28.3bn. Both [illegible] products and industrial appliances [illegible] strong [illegible] growth, rising 14.8 [illegible] cent and [illegible] SKr9.5bn and [illegible] respectively. Commercial appliance sales [illegible] by [illegible] unchanged [illegible].

Lex, Page 12

Paul Taylor assesses the Anglo-US group's progress towards cutting its debt

Hanson lifted by Quantum Chemical

Hanson, [illegible] Anglo-US [illegible]glomerate, yesterday reported a 10 per cent rise in third-quarter pre-tax profits to £282m ($437m) from £256m. Turnover grew 20 per cent to £2.77bn including a £344m contribution from Quantum Chemical, acquired in September last year. The £2.31bn sales of the April-June period in 1993 included £253m from discontinued businesses.

Profit before exceptional costs increased to £282m, against £266m, despite a jump in the net interest bill to £57m, from £1m. The results were towards the low end of estimates and Hanson's shares closed ½p lower at 264p.

With fully diluted earnings per share rising from 3.8p to 4.1p, the quarterly dividend was increased from 2.85p to 3p, in line with market expectations.

Mr Derek Bonham, chief executive, said: "In the third quarter conditions continued to improve and the outlook is good. Despite the expected [illegible] swing of £56m, a negative [illegible] about £10m on foreign exchange and no contribution from exceptionals, profit on ordinary activities advanced positively including a very satisfying [illegible] of £46m from Quantum.

Figures [illegible] the [illegible] months showed a 26 per cent increase in pre-tax profits, from £763m to £965m. Hanson noted that the US coal strike reduced pre-tax profits by about £80m.

Pre-tax profits were bolstered by £331m (£30m) of gains on disposals, which offset net interest costs of £176m compared with net interest receipts of £35m in the same period last year.

Profit before exceptionals fell from £733m to £634m on turnover which rose 16.5 per cent to £8.41bn. Quantum's chemicals and propane operations contributed £1.19bn [illegible] and £116m [illegible] profits.

[illegible] operations [illegible]tributed [illegible] turnover and £27m (£71m) to profits. Fully diluted earnings per share rose from 11.5p to 14p.

● Peabody has reached a preliminary agreement to purchase the assets of Carter Mining from US-based Exxon Coal.

Lex, Page 12

New look cannot quite conceal scope for surprise

Hanson's proposed [illegible]tion of a majority stake in Ertl, the US toy manufacturer, together with its pending acquisition of Scholes, the UK-based [illegible] equipment manufacturer, [illegible] the Anglo-US conglomerate's twin-track acquisition and disposals strategy.

During the 1980s the group, led by founders, Lord Hanson and Lord White, aggressively stalked and picked off corporate giants such as SCM Chemicals, Imperial Tobacco and Consolidated Gold Fields.

Since then the business, market and political climate on both sides of the Atlantic has changed and most analysts believe Hanson's appetite – and capacity – for multi-billion dollar deals has waned.

At first sight the group's $3.4bn acquisition of Quantum Chemical, the US polyethylene and propane group, at the end of September last year appeared to signal a return to the old swash-buckling style. But in reality the deal represents a calculated gamble on the petrochemicals cycle.

The clear message from Mr Derek Bonham, Hanson's chief executive who was given the additional title of deputy chairman last autumn, has been determination to reduce debt through disposals and flotations and concentrate on expanding its main businesses, both organically and through 'bolt-on' acquisitions.

These core businesses include aggregates, chemicals, natural resources and tobacco.

In the wake of the Quantum acquisition, Hanson's net borrowings mushroomed to £3.4bn ($5.23bn) from £774m a year earlier and represented gearing of 86 per cent at the end of September. Hanson cut its interest costs by refinancing the $3.35bn of junk bond debt assumed with the Quantum purchase at preferential rates.

It has raised about £815m, including £490m in the UK, [illegible] the [illegible] of its Beazer housebuilding operations on both sides of the Atlantic earlier this year.

Hanson has also sold 11 UK companies to management buy-out teams backed by Electra, the venture capital group, at end of December for £90m.

In America Hanson has sold the Axelson oil industry equipment group for £56m and Hanson Office Products contract stationery business for £110m.

The group recorded a profit of £233m from disposals in its first half and gearing fell to 69 per cent by the end of March.

Excluding the proposed £96.1m purchase of Scholes, which has yet to be completed – the company has agreed to the Hanson bid said it was open to higher offers – analysts estimate that net borrowings are around £2.55bn, putting gearing at around 54 per cent.

The planned flotation of Ertl, whose products include die-cast models of Thomas the Tank Engine, plastic model kits and the best-selling Bumble Ball, is expected to generate $200m in cash for Hanson this autumn. Hanson plans to retain a 37 per cent stake in the Iowa-based toy maker.

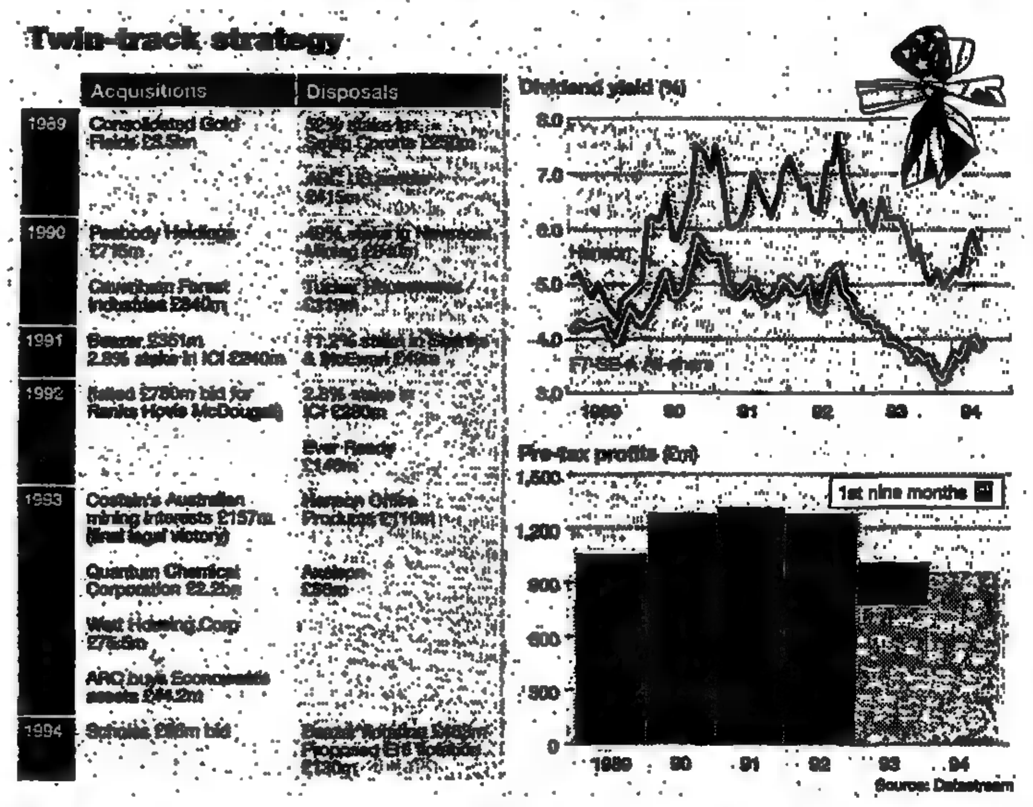
But despite Hanson's balance sheet improvements, Ertl's stock market debut this autumn is unlikely to signal the end of the disposal programme. Analysts expect Hanson to focus on its smaller US consumer and industrial subsidiaries as the group has already sold most small non-core operations in the UK.

Among the US recreation and leisure operations which could be sold are Tommy Armour golf equipment, the Valley pool table business and Farberware kitchen products.

Elsewhere Hanson is expected to continue making smaller bolt-on purchases such as the proposed Scholes deal. If completed, Scholes would be used to strengthen the position of Hanson's Crabtree subsidiary in the increasingly competitive UK electrical installation equipment market.

Hanson's transformation from an acquisitions-driven, deal-making machine of the 1980s into a more conventional international conglomerate is being orchestrated by Mr Bonham, heir apparent to Lord Hanson, and his US counterpart, Mr David Clarke, [illegible] executive [illegible] US operations.

Analysts [illegible] while [illegible] of the [illegible] acquisitions are likely [illegible] of the "fill-in" type, it is too soon to dismiss the possibility of Hanson making further big opportunistic acquisitions – particularly as gearing is brought down to more comfortable levels. Underlining this, Mr Clarke has been quoted as saying that the US disposal programme enables management to focus on "the next big deal".



New swap provides a hedge against higher UK taxes

By Andrew Jack and Tracy Corrigan in London

Morgan Grenfell, [illegible] UK merchant bank, has entered a UK tax rate swap, which could mark the opening of a new market for hedging tax exposure.

The agreement, signed this month, will allow its client to protect itself from future variations in UK corporate tax rates. Companies routinely consider tax implications when entering interest rate and currency swaps but a tax swap is more radical.

The swap would allow companies to hedge against changes in tax rates and as a result to maintain their level of post-tax profits regardless of the tax effects triggered by policy changes or switches in political regimes.

Morgan Grenfell has taken on its own books a swap relating to £15m ($23m) income from leases payable to an international bank. The agreement runs over four years – until after the next general election. If UK tax rates fall below the [illegible] per [illegible] Morgan Grenfell will pay out the saving in the tax charge to the client. Morgan Grenfell says the swap has a natural hedge because it can offset any payments or receipts against the effects that any tax rate change will have on its own corporate profits.

Its profits on the deal came from a fixed fee, but it believes future agreements could be based on a commission and may be hedged around rates other than 33 per cent. It is seeking counterparties for this swap and is considering similar arrangements with other clients.

Mr Neil Jeffares, a director in the banking division at Morgan Grenfell, said the client had provided "a very satisfactory fee". The product would be ideal for UK companies or multinationals with UK tax liabilities, although it would be more difficult for a UK bank to enter swaps hedging against tax changes in other countries.

According to derivatives specialists, there have been tax swaps in the past ahead of general elections, particularly in anticipation of a shift from a right to left-wing government, such as in the US in 1991 and 1992 because of fears of a tax rate rise under a Clinton administration.

However, a number of factors have tended to inhibit the development of a tax swap market. It [illegible] be hard to find coun[illegible]parties for companies trying to offset tax risk.

In addition, tax authorities have tended to frown on structures devised purely for tax reasons. "The mood these days is that it is the spirit and not the letter of tax law that counts," said one head of swaps at a London-based bank. However, the Morgan swap does not affect the amount of tax payable to the Exchequer.

SBC falls 45% to SFr1.2bn in first half

By Ian Rodger in Zurich

[illegible] Bank Corporation, Switzerland's third largest bank, reported a [illegible] per [illegible] slide in first-half consolidated profits before [illegible] and provisions [illegible] SFr1.19bn ($911m). This was a worse performance [illegible] two [illegible] rivals, Union Bank of [illegible]zerland and Credit Suisse.

A collapse in [illegible] from trading in [illegible] and interest [illegible] instruments was [illegible] main cause of a 23 per cent fall in operating income to SFr3.38bn, while operating costs were flat at SFr2.19bn.

However, SBC halved [illegible] provisions to [illegible] to improved economic conditions and borrower quality. Together with a 29 per cent cut in income taxes, this limited the fall in net income, which was SFr438m, to 36 per cent.

SBC said the results were "[illegible] expectations", but [illegible] "cautiously [illegible] the outlook for the second half, which will largely depend on how [illegible] financial markets develop".

The bank, which has invested heavily in a sophisticated trading business in recent years, suffered a 63 per cent fall in income from this volatile area to SFr537m.

It said profits on foreign exchange and European equity trading were ahead of expectations, but results from trading in bonds and interest rate instruments suffered.

While the SBC trading result was slightly less dismal than the 68 per cent fall in trading income at UBS, it was far worse than *the 35 per cent drop at* Credit Suisse.

Also, UBS was better able than SBC to cushion the big drop in its trading income from its lending and commission businesses. SBC's net interest income fell 15 per cent to SFr1.37bn because of "continuing pressure on margins", while commission income rose 11 per [illegible] to SFr1.34bn.

Similarly, while UBS knocked its operating costs [illegible] some SFr77m to SFr2.8bn, [illegible] costs fell by only SFr13m to SFr2.18m. SBC said the [illegible] cent rise in overheads reflected branch network restructuring and an expansion of international activities.

SBC staff costs fell 6 per cent to SFr1.4bn, while those at UBS were down 4.4 per cent to SFr1.85bn. Credit Suisse's staff bill rose 6 per cent to SFr1.46bn.

World Stock Markets, Back Page

FINANCIAL TIMES

COMPANIES & MARKETS

Tuesday August 16 1994

IN BRIEF

Viacom helped by strong MTV gains

Viacom, the entertainment group, reported a sharp rise in second-quarter net earnings to $221.7m on the back of strong growth [illegible] MTV, the music television channel, and a first contribution from Paramount Communications. Page 17

Bell Atlantic [illegible] $2.3bn charge
Bell Atlantic, the US regional telecommunications group, said yesterday it would take after-tax charges of $2.3bn in the third quarter to cover a write-down in equipment values and a cut in the workforce. Page 17

Toys 'R' Us held back
Weak demand in its international stores held back the pace of profits growth to 7 per cent at Toys 'R' Us, the US toy retailer, in the second quarter to July. Net earnings rose from $35.5m in the comparable period to $38m. Page 17

Hanson to float toy maker
Hanson, the Anglo-US conglomerate which announces third-quarter results today, plans a stock market flotation for Ertl, the US-based toy maker, as part of its debt reduction programme. Page 16

DBS shows 14 per cent at half time
Development Bank of Singapore (DBS), the island republic's largest bank, has announced pre-tax profits for the six months to end-June of S$311m (US$206m), a 14 per cent rise on the corresponding period last year. Page 17

Argos fights effect of tax rises
Argos, the UK catalogue retailer, said [illegible] had been hit hard by the tax increases in April, but bounced back to produce a 16 per cent increase in pre-tax profits for the first half-year. Page 15

Welsh Water to cut 18% of workforce
Welsh Water, the UK utility, says it will reveal plans for its £55m ($84.7m) cash pile in October. Yesterday the group revealed details of a cost-cutting plan including shedding 18 per cent of the utility's 3,000-strong workforce. [illegible]

Takare defends accounts
Mr Keith Bradshaw, chairman of Takare, the UK nursing home group, [illegible] the group's accounting policies as [illegible] announced a 36 per cent increase in interim pre-tax profits. Page 15

Elsevier payout attacked
Mr Peter Davis, the former co-chairman of Reed Elsevier, the Anglo-Dutch publishing group, [illegible] more than £650,000 richer than when he left for his holidays. Yesterday his former employers acted to defuse the potential row over his £2.02m ($3.1m) compensation package. Page 15

Pig farmers suffer price pain

Pig farming has always been a notoriously cyclical affair; but the present down-swing in prices has been deeper and much longer than usual and is causing severe pain in the sector. Page 22

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM) [illegible]

NEW YORK ($) [illegible]

Paris closed. New York prices at 12.30.

TOKYO (Yen) [illegible]

LONDON (Pence) [illegible]

■ Pre-tax profits up 24 per cent at £1.46bn ■ Sharp drop in dealing income

HSBC stops own-account bond trading

By John Gapper, Banking Editor

HSBC Holdings, the international banking [illegible], [illegible] largely suspended proprietory [illegible] bond markets after losing £123m [illegible] trading during the first half, it disclosed yesterday.

[illegible] after it revealed that its exposure to [illegible] trading [illegible] non-interest income to £1.47bn. This included a sharp drop in dealing income to £73m from £522m.

Despite the setback, a fall in provisions for bad and doubtful [illegible] HSBC to raise pre-tax profits by 24 per cent to £1.46bn [illegible]. The [illegible] dividend goes up 14 per cent to 8p.

Sir [illegible] Purves, HSBC chairman, said that the bank's treasury had been positioned for a rise in US interest rates in February, but was caught out by the "rather drastic" rise in European bond yields that accompanied this. None of HSBC's internal limits were breached and no staff had been dismissed. But HSBC was "not running significant positions today and we will not start again until we see markets that are more predictable".

Dealing income from foreign exchange [illegible] £196m [illegible] £180m. But it lost £92m on proprietory position taking in interest rate products, and lost a further [illegible] on [illegible] trading, primarily interest rate-related.

Losses continued at Concord Leasing, [illegible] leasing arm, which has suffered from falls in the value of commercial aircraft. It lost £100m, against £22m in the first half of 1993 and £140m in the second half.

Sir [illegible] had changed Concord's chief executive and was negotiating with US banking regulators to fold it into Marine Midland, its US banking subsidiary. This would help it to use tax allowances arising from the losses.

There was strong asset growth in Hong Kong, with advances at its subsidiary HongkongBank rising by 5.7 per cent from the end of 1993. This was due to demand for [illegible] porate loans, [illegible] buoyant [illegible].

The net interest margin stayed at 2.7 per cent, with interest-earning assets rising to £169bn from £159bn. Margins in HongkongBank narrowed from 2.4 to 2.3 per cent, mainly because of narrowing spreads on liabilities.

Sir William said that he had "no gleam in my eye" over the possibility of acquiring a UK building society. A purchase [illegible] add to Marine Midland was more likely, but [illegible] unwilling to pay [illegible] prices for US regional banks.

The annualised post-tax return on equity fell slightly to 19.3 per and the return on assets stayed at 1 per cent. The tier 1 ratio of capital [illegible] risk-weighted [illegible] rose from 7.5 to 8.6 per cent.

Profit [illegible] 13 per cent to [illegible]. The [illegible] was lower than the rise in pre-tax profits because tax allowances from past losses have been used at Midland, and largely used at Marine Midland.

Lex, Page 14; Hang Seng Bank, Page 17; Midland, Page 21

[illegible] Humphries

Sir William Purves: HSBC was caught out by the "rather drastic" rise in European bond yields

Kmart to restructure as earnings fall 25%

By Richard Tomkins in [illegible]

Kmart, [illegible] troubled US discount [illegible] group, yesterday reported a 25 per cent slump in earnings for [illegible] quarter [illegible] said it was [illegible] announcing plans for a big restructuring.

The plans, expected to [illegible] announced in the next [illegible] days, will include new proposals [illegible] future of [illegible] group's [illegible] cialty retailing operations and may [illegible] embrace a strategy [illegible] profitable growth [illegible] ailing discount [illegible].

At [illegible] beginning of [illegible] dent institutional investors delivered a humiliating blow to [illegible] management by voting [illegible] plans [illegible] new [illegible] performance [illegible] specialty retailing subsidiaries. Kmart had planned to sell up [illegible] 30 per cent [illegible] these shares and use the proceeds [illegible] help fund [illegible] refurbishment [illegible] discount [illegible].

Investors rejected the plans because they believed Kmart should sell the specialty retailing business outright and devote its energies to revitalising the discount stores, which are losing customers to Kmart's bigger and more successful rival, Wal-Mart Stores.

Yesterday the continuing difficulties of the discount stores were illustrated when the group reported a second-quarter decline in group profits from $125m last year to $94m, excluding the discontinued PACE Membership Warehouse and Pay-Less Drug Store businesses.

The figures were not as bad as expected, and the shares edged up $¼ to $17¾.

Sales rose 4.6 per [illegible] to $8.83bn but earnings per share on continuing operations were down from 27 cents to 20 cents. For the first six months, sales rose 5.[illegible] per cent [illegible]bn, net income fell from $183m to $112m excluding discontinued operations and exceptional items, and earnings per share fell from 39 cents to 24 cents on the same basis.

Mr Joseph Antonini said: "Performance in our core US Kmart division is below our expectations." The gross margin for the quarter fell from 25.2 per cent to 24.8 per cent, mainly because sales were lower than expected on fixed occupancy costs and because lower-margin grocery products took a higher proportion of sales from the new Super Kmart Centers. Mr Antonini said "aggressive actions" were being taken to improve sales and profitability for the rest of the year.

PC price cuts likely after move by Compaq

By Louise Kehoe in San Francisco

Compaq Computer has cut US prices on a range of its personal computer products by up to 22 per cent in a bid for market leadership. Competitors are expected to follow, sparking a new round of price cuts throughout the industry.

Mr Eckhard Pfeiffer, Compaq chief executive, aims to overtake IBM and Apple Computer to make Compaq the world market leader in PCs by 1996. Compaq already sells more PCs in the US than any of its competitors.

The price cuts come as the PC industry enters its strongest buy[illegible] from September [illegible] December. Intel, the leading microprocessor [illegible] PC industry, [illegible] prices of [illegible] highest performance chips [illegible] months.

Desktop [illegible] on Intel's latest Pentium chips will be available in the US for about $2,000 this Christmas, Intel predicts. The market is booming as US consumers seek out the latest multimedia PCs for home use.

Defying predictions of a slowdown, US PC shipments rose 23 per cent in the second quarter, according to Dataquest, the market research firm. "Many industry insiders expected a slowdown in the second quarter, but shipments continued to increase despite the fact price cuts are looming," said Mr Philippe de Marcillac of Dataquest.

Compaq Computer outstripped its competitors in the US in the first half, according to Dataquest. The company sold more than 1m PCs to achieve a 13.4 per cent market share. Apple Computer, with 10.8 per cent of the market, and Packard Bell, with 9.9 per cent, also beat IBM which slipped to fourth place with only 7.9 per cent of the market, measured in units sold.

As Compaq lowers its prices, it will be increasingly difficult for IBM to catch up, according to analysts. However, IBM is overhauling its PC operations to become more competitive.

Apple Computer's new Power Macintosh products were selling more slowly than expected, Dataquest said, but strong sales of its laptop computers boosted unit shipments in the first half.

Dataquest expects the US PC market to decelerate in the current quarter.

Bernard Simon [illegible] a rock-solid Canadian industry being shaken

Life on the edge as Confed makes insurers nervous

A shiver of nervousness has rippled through Canada's life insurance industry in the wake of last week's collapse of Confederation Life, the fourth biggest domestic insurer.

Since regulators decided to take over Confederation on Thursday, pending the winding-up and liquidation of the Toronto-based company, chief executives of other companies have rushed to reassure employees and policyholders. The public has been told that Confed is a special case, that its problems are not typical of the industry.

Confed's businesses were relatively sound, but it was dragged down by an aggressive 1980s foray into property development and lending. Commercial mortgages made up 45 per cent of its total investments at the end of 1992, with direct property investments accounting for another 7 per cent and residential mortgages 11 per cent. In other words, property made up more than 60 per cent of its investments.

The concern remains, however, *that the biggest failure of a life* insurer in North America, involving a company with C$19bn (US$13.8bn) in balance sheet assets and C$33bn in assets under management could set off a chain of events which might be difficult to control.

Canada's life insurance industry has for more than a century enjoyed a rock-solid reputation. The biggest companies, such as Manulife Financial (formerly Manufacturers Life), Sun Life of Canada and Canada Life, are strongly capitalised and [illegible] blue-chip credit ratings. Sun Life's surplus reached a robust 13.6 per cent of liabilities at the end of 1993.

The biggest companies are also diversified. More than two-thirds of Sun Life's assets under management are in the US, mainly in wholly-owned Massachusetts Financial, which is among the 20 biggest US mutual fund distributors. Manulife is the third biggest life underwriter in Hong Kong, and writes more business in Asia than in Canada.

But pressures on the industry have been building. About 150 life companies compete for business in a stagnant market. Underwriting margins have narrowed to the point where many companies rely on [illegible] and diversification – into mutual funds, for instance – to keep them in the black.

Standard & Poor's said in a report this month that while the nine biggest companies "continue offering a high level of financial security", it expects to downgrade some credit ratings over the next few years.

Although Confed was heavily exposed to property, the slump in North American property values has hit the entire industry. Even Sun Life suffered investment losses, mainly from its property portfolio, of C$255m last year – a 66 per cent jump from 1992.

The diminishing rewards of the Canadian insurance market are apparent in a spate of deals. New York Life earlier this year ended a 136-year presence in Canada by selling its operations to Canada Life. Sun Alliance sold its Canadian unit to North American Life at the end of May. "It has become increasingly clear that smaller companies, such as ours, would find it difficult to survive in the *highly competitive Canadian* marketplace," Sun Alliance's chief executive said at the time.

More recently, the UK's Prudential group has sold its Canadian group life and health business, as well as its group pension-plan operations, to Sun Life. Several other foreign companies are rumoured to be struggling to find buyers. Regulatory curbs, such as a 25 per cent limit on foreign shareholdings, have also discouraged mergers and takeovers.

Mr Mark Daniels, president of the Canadian Life and Health Insurance Association, says that the [illegible] failure [illegible] speed up rationalisation, [illegible] predicts "significantly [illegible] players" over [illegible] next five to 10 years.

Confed's collapse may encourage Canada's six big banks to accelerate their drive into insurance, he adds. The banks have been allowed to own insurance companies since mid-1992. Several have already bought insurance operations, but have yet to make an impact on the market.

[illegible] industry is braced for a "flight to quality" in the [illegible] failure. Companies seen to be vulnerable could find it difficult to sell policies or attract savings and there is concern that some may have difficulty raising funds.

Insurers also face the prospect of a costly call for contributions to CompCorp, the industry's consumer-protection fund of which membership is compulsory. Unlike most deposit-insurance schemes, members [illegible] assessed [illegible] funds only [illegible] a member has been declared insolvent. The industry coughed up C$180m in 1992-93 to pay out policyholders of Les Coopérants, a Montreal-based company. Another C$75m or so will be required to meet the obligations of Sovereign Life of Calgary, which failed in late 1992.

These sums are likely to pale against CompCorp's obligations to Confed policyholders. Although the final payout will depend on how much the liquidator can raise from asset sales, the chief executive of one insurer estimates that his company, which is among the 10 biggest, could be on the hook for C$25m-C$50m.

What is especially galling to insurers is that depositors in the rash of Canadian trust companies which have failed have been compensated by the government, through the [illegible] Deposit Insurance Corporation. Insurers now face a [illegible] period of turmoil.

But while taxpayers footed much of the trust industry's bill, insurers themselves will have to carry the burden for those who fall by the wayside. That prospect may provide a powerful incentive for stepping up the pace of mergers and acquisitions before more companies go the way of Confederation Life.

Lex, Page 14; Credit ratings, Page 18

Canada's top life insurance companies

Name	[illegible] (C$ bn)	Standard & [illegible] rating
Manulife Financial	38.5	AAA
Sun Life of Canada	34.1	AAA
Great-West Life	25.2	AAA
Confederation Life†	19.2	BBB+
Canada Life	18.2*	AAA
Mutual Life	16.6	AAA
London Life	13.0	AAA
Standard Life**	9.7	AAA
North American Life	8.9	AA
Crown Life	7.5	A+

*All figures are year-end 1993 except Canada Life, which includes recent purchase of New York Life's Canadian operations, completed in 1994. † Downgraded to 'R' on August 12 1994 **Rating of parent company that includes Canadian operations

US report gives coffee a fillip

By Alison Maitland in London

Coffee [illegible] prices [illegible] strongly in London [illegible] York yesterday following a report from the US Department of Agriculture estimating [illegible] damage would cut [illegible] year's Brazilian [illegible] per cent.

The USDA report, regarded by [illegible] as [illegible] available, suggested that the crop would total between 17m and 20m bags compared with the 29m it predicted [illegible] in June [illegible] July. [illegible] usually [illegible] a quarter [illegible] output.

Traders had expected [illegible] USDA estimate of the damage would be lower than that of the Brazilian government, which said last month that 40 per cent of the crop would be lost.

In practice, the US figures, released late on Friday, were at the top end of expectations, giving a fillip to prices that had suffered a sell-off last week, as investment funds and speculators took profits.

In London, robusta coffee futures staged a 4.8 per cent rally, with the contract for delivery in November rising $157 to $3,430 a tonne. Arabica coffee futures in New York were up strongly in the afternoon session, the December contract closing 13.6 cents, or 7.3 per cent, higher [illegible] a pound.

However, [illegible] regained all last week's losses, suggesting prices might have risen too far, too fast in the aftermath of the frosts – London peaked at $4,085 a tonne and New York at 274 cents on July 12.

GNI, [illegible] London commodity [illegible], [illegible] dry weather now appeared to [illegible] important concern for next year's crop. The USDA found there had been less rainfall than usual in virtually all the coffee areas it visited in its 3,800-mile field survey, saying normal rainfall was needed for a "favourable" flowering season in October to December.

INTERNATIONAL COMPANIES AND FINANCE

Hanson plans to float Ertl in debt reduction scheme

By Paul Taylor in London

Hanson, the Anglo-US conglomerate which announces third-quarter results today, plans a stock [redacted] flotation for Ertl, the [redacted] toy maker, as part [redacted] reduction programme.

[redacted] David Clarke, chief executive of Hanson Industries, Hanson's [redacted] arm, [redacted] yesterday Ertl had filed a registration statement with the [redacted] Securities and Exchange Commission for [redacted] initial public offering [redacted] at [redacted] estimated price of [redacted] a share.

Ertl, which is based in Dyersville, Iowa, will [redacted] proceeds of the offering together with bank borrowings to [redacted] Hanson about $200m ($303m). [redacted] will retain up to [redacted] per cent [redacted] the [redacted] the [redacted].

The proposed offer price values Ertl, whose products include die-cast [redacted] of Thomas the Tank Engine, television-advertised promotional toys [redacted] plastic model kits, [redacted].

Ertl posted pre-tax profits of $14.1m in [redacted] year to September 30 on [redacted] of $186m [redacted] had net profits [redacted].

Hanson acquired Ertl from Kidde in [redacted] a proposed [redacted] in Tonka fell through. Since then, the company has [redacted] its position [redacted] one [redacted] leading [redacted] toy manufacturers.

The proposed [redacted] structured in a similar [redacted] to the flotation of [redacted] Homes USA, Hanson's US housebuilding business, which [redacted] completed earlier this year as part [redacted] Hanson's strategy [redacted] reducing [redacted] through [redacted] disposal of non-[redacted].

Hanson's gearing [redacted] 86 per cent [redacted] year's acquisition of Quantum Chemical, [redacted] US polythene [redacted] group.

[redacted] a [redacted] of disposals [redacted] reduced net borrowings [redacted] and gearing [redacted] 54 [redacted] excluding the proposed [redacted] electrical equipment manufacturer acquisition in the UK which [redacted] yet to [redacted] completed.

So [redacted] this year, [redacted] has raised about [redacted] through disposals including [redacted] in [redacted] and further disposals [redacted] expected.

Analysts expect [redacted] on smaller companies in [redacted].

Former Reed Elsevier boss in $3.1m pay-off

By Tim Burt and William Lewis in London

Mr Peter Davis, former co-chairman of [redacted] Elsevier, the Anglo-Dutch [redacted] and publishing group, is to receive [redacted] of [redacted] largest executive pay-offs in recent years – a compensation package worth [redacted] ($3.11m).

Mr Davis, who resigned in June after a dispute [redacted] management responsibilities, [redacted] receive [redacted] in cash; £1.3m of enhanced pension entitlements; and [redacted] £70,000 in fringe benefits – including temporary use of an office suite in London's [redacted] End.

The deal, which was announced yesterday after lengthy [redacted] between [redacted] Elsevier's lawyers and actuaries, [redacted] largest [redacted] by a FT-SE 250 company [redacted] June [redacted] year.

According [redacted] figures compiled by Pirc, [redacted] corporate [redacted] consultancy, [redacted] outstripped only by [redacted] £3.1m package [redacted] Mr John Cahill, former chairman of British Aerospace, [redacted] payment to [redacted] directors of Lasmo, [redacted] exploration company.

[redacted] Elsevier [redacted] Mr Davis, who [redacted] the merger [redacted] year of Reed International and Elsevier, could receive a further pay-out linked [redacted] growth in earnings [redacted] share.

Details, [redacted] 19

Bilspedition to sell stake in shipping offshoot

By Christopher Brown-Humes in [redacted]

Bilspedition, Scandinavia's biggest freight-forwarding group, yesterday announced plans to offer [redacted] of shares in [redacted] Line [redacted] international [redacted].

It [redacted] it would [redacted] a listing for the company [redacted] the Oslo [redacted] Exchange.

[redacted] in line with [redacted] group's [redacted] pull out [redacted] shipping [redacted] on [redacted] core transport, forwarding [redacted].

It [redacted] been [redacted] a period of heavy restructuring [redacted] suffering heavy [redacted] property [redacted] shipping in [redacted] sees [redacted] improvement in ACL's performance [redacted] prospects [redacted] tunity [redacted] sell.

A [redacted] of [redacted] will be [redacted] UK [redacted] Norway [redacted] and [redacted] will be [redacted] ACL [redacted] operates a roll-on roll-off shipping [redacted] the North [redacted].

Mr [redacted] Larsson, Bilspedition [redacted] executive, [redacted] had [redacted] first profit [redacted] during the first [redacted] of [redacted], helped by cost-cutting, rising freight [redacted] and price [redacted].

"The [redacted] and [redacted] expected to continue [redacted] improve in both Europe [redacted] the [redacted] few years," he [redacted].

Liner [redacted] Atlantic [redacted] by overcapacity [redacted] low [redacted] in [redacted] years, although [redacted] problems [redacted] by [redacted] formation [redacted] Transatlantic Agreement, a collaborative arrangement [redacted] of [redacted] operators on [redacted] promote price stability.

Bilspedition, which [redacted] turnover of [redacted] ($3.86bn) [redacted], will [redacted] a 17 per cent [redacted] in ACL. Disposal of [redacted] expected to cut interest-bearing liabilities, which stood [redacted] SKr5.46bn at the end of last year, [redacted] SKr735m.

Homestake Mining silences its critics

Kenneth Gooding traces the rapid recovery of North America's oldest gold producer

How quickly [redacted] have changed [redacted] take Mining, [redacted] America's oldest gold [redacted] group. Today, some analysts wonder whether [redacted] spend wisely [redacted] money [redacted] is earning [redacted] borrowing. Two years [redacted] of the same analysts [redacted] about its [redacted] and its debts.

At that time, Homestake refused [redacted] follow the example of [redacted] Australian [redacted] North American precious metals [redacted] hedge its production, in spite of a steadily [redacted] ing gold price and even though selling [redacted] gold at [redacted] spot market price was barely profitable.

Homestake merged [redacted] Corona, a Canadian gold [redacted] in July 1992. [redacted] made it one of the world's [redacted] gold producers – [redacted] operations in Australia, Chile [redacted] North [redacted] – but Corona brought [redacted] burden of [redacted].

Corona was a [redacted] newcomer [redacted] gold scene, run by speculators. Critics [redacted] there [redacted] no way [redacted] corporate cultures [redacted] mix. They predicted disaster.

[redacted] Harry Conger, Homestake's chairman, can [redacted] forgiven for smiling [redacted] he [redacted] results from the Corona [redacted] are better [redacted] ted. Corona had more debt [redacted] could [redacted] take's production [redacted] too high. [redacted] putting [redacted] together enabled [redacted] absorb Corona's US$227m of long-term [redacted] relatively modest gearing.

Mr Conger emphasises [redacted] merger did not bring [redacted] Corona management style with it. "Corona [redacted] ment styles, [redacted] level, one at [redacted] operating level. [redacted] brought in only operating people."

For example, Corona [redacted] a great [redacted] of [redacted] production [redacted] Homestake [redacted] firmly [redacted] view that [redacted] do not want it [redacted] hedge. However, as [redacted] gold is sold [redacted] US, [redacted] Conger believes [redacted] protect the company by hedging against [redacted] swings by [redacted] Australian dollars against the US currency.

One big [redacted] from the [redacted] it brought [redacted] Corona. They brought with them "new eyes, new approaches" that have helped [redacted] turnround [redacted] fortunes. [redacted] the 150-year-old [redacted] mine in the [redacted] Hills of Dakota, [redacted] they [redacted] down [redacted] gold, [redacted] approach [redacted] working. [redacted] Conger [redacted] to [redacted] not [redacted].

Mr Steen closed some of the marginal areas. The workforce [redacted] reduced [redacted] than 1,000 [redacted] 1,400 [redacted] but output [redacted]. In [redacted] Homestake [redacted] produced 397,000 troy ounces of gold [redacted] full cost of $337 an ounce. Last year it produced 448,000 ounces at $288 an ounce.

"Homestake is still the company's [redacted] gold producer [redacted] gives [redacted] operating profit," Mr Conger points out.

The [redacted] group's [redacted]. Last year's 1.9m [redacted] produced [redacted] a [redacted] in [redacted]. Cost-cutting [redacted] a gold price [redacted] put [redacted] in [redacted] against a [redacted] in [redacted].

Group management has been [redacted] and simplified. [redacted] by Mr [redacted] departure [redacted] president of Lac [redacted] guered Canadian mining [redacted], was quickly plugged. Mr Jack Thompson [redacted] appointed president of [redacted] and, meanwhile, Mr Conger at last set a date for his retirement – early in [redacted].

Now, he says, [redacted] most important [redacted] for Homestake [redacted] to add [redacted] long-life gold [redacted] lower [redacted] than present production.

Although Homestake [redacted] relying on exploration [redacted] long-term future, [redacted] geologists, closed exploration [redacted] cut [redacted] budget.

[redacted] previously spent [redacted] Corona [redacted] on exploration. But Mr Conger [redacted] has [redacted] been particularly [redacted] finding [redacted] McLaughlin mine in California in [redacted] approach [redacted] changed. The combined exploration [redacted] people have [redacted] to 120 and, [redacted] having several site [redacted] a centralised exploration [redacted] in Reno, [redacted]. The budget [redacted] been cut to $15m in North America and $3m in Australia. "The idea is that, when prospects [redacted] identified, promising projects will get [redacted] money," [redacted] Conger.

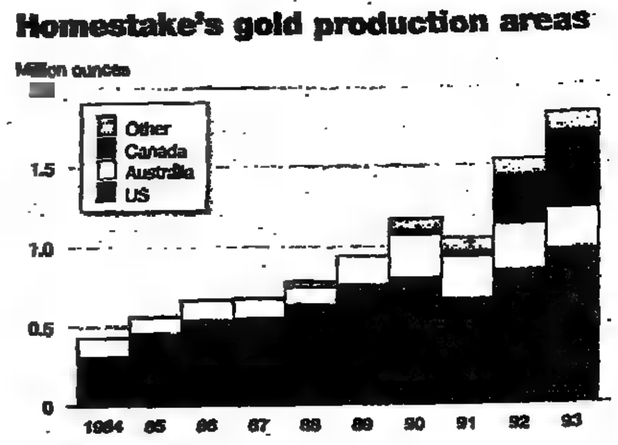
Homestake just might have struck lucky again at its Eureka property [redacted] Nevada. Preliminary drilling indicates there [redacted] gold along a 37-mile strike and [redacted] show very high grades.

Homestake expects to have its Eskay Creek polymetallic mine in British Columbia in production by the [redacted] of [redacted] to produce about 210,000 ounces of gold and 9.4m ounces of silver annually for 10 years. Corona [redacted] involved in a bidding war for Eskay [redacted] 1991 and [redacted] wrote [redacted] $176m on [redacted] project. Homestake has had better luck. The capital cost [redacted] bringing Eskay into production [redacted] been cut by $150m to [redacted] because [redacted] has been found [redacted] can be sent directly to smelters for processing rather than being upgraded into a concentrate [redacted] intermediate material) at the mine site.

Mr Gene Elam, [redacted] chief financial officer, says the [redacted] cash and a line of credit for [redacted]. Total [redacted] but there [redacted] no debt repayments until 2000. The present gold price provides Homestake with annual free cash flow of about [redacted] a year, [redacted] it should soon [redacted] free [redacted] net debt.

The dividend [redacted] been doubled [redacted] 20 cents a share, a [redacted] shareholders have [redacted] seen [redacted] several years.

Homestake's gold production areas



Source: Homestake Mining

Charter sets new deadline for Esab bid

By Hugh Carnegy in [redacted]

Charter, the [redacted] declined to [redacted] ($400m) bid [redacted] Esab, [redacted] Swedish welding [redacted] original [redacted] for [redacted] to August 26 in the hope of a change of mind by [redacted] shareholders.

The UK company [redacted] it had received acceptances at [redacted] price of SKr345 a [redacted] worth 53.1 per [redacted] voting capital in Esab by last Friday's initial deadline. [redacted] acquired in [redacted] market, Charter [redacted] per cent of the votes in Esab.

But [redacted] bid, recommended by the Esab board, is conditional [redacted] Charter receiving 90 per cent acceptances and has been blocked by the rejection of Swedish institutional shareholders who say it is underpriced.

Since the bid was [redacted] June, [redacted] its earnings forecast [redacted] its share price has risen as high as SKr365.

[redacted] price [redacted] been kept [redacted] by [redacted] widespread expectation [redacted] will [redacted]. But [redacted] so [redacted] budge from its insistence [redacted] the bid price – which at the time it was laid represented a 20 per cent premium – is based on a fair valuation of Esab, the world's largest supplier of welding equipment.

Extension of the deadline to August [redacted] will at least give Charter [redacted] to try [redacted] persuade Swedish minority [redacted] bid is reasonable. It still [redacted] it [redacted] acceptance of Incentive, the [redacted] family [redacted] trial [redacted] which is Esab's controlling shareholder.

[redacted] institutions, sensing [redacted] to pull out [redacted] takeover, [redacted] that [redacted] least, [redacted] premium [redacted] original [redacted] wiped [redacted] and should [redacted] restored in a revised offer. [redacted] may [redacted] calculating [redacted] argument [redacted] be undermined by the bearish mood [redacted] the Stock[redacted] stock market.

Yesterday, Esab's [redacted] shares slipped SKr2.00 to [redacted] in trading interrupted for much [redacted] day by technical problems in the trading system.

China Synthetic Rubber up 36%

By Laura Tyson in Taipei

Taiwan's China Synthetic Rubber, a carbon-black maker, posted pre-tax profits of [redacted] for [redacted] year [redacted] June 30, up [redacted] per cent from a year earlier.

First-half [redacted] to NT$395m.

Carbon black is a petrochemical material used [redacted] the [redacted] facture of tyres, paints [redacted] dyestuffs. Production was lifted by 30 per cent to 83,000 tonnes a year. At [redacted] end of this year annual capacity will rise to [redacted].

هكذا في الأصل

Workforce to be reduced by 5,600 over three years

Bell Atlantic to post loss after charges of $2.3bn

By Patrick Harverson in New York

Bell Atlantic, the US regional telecommunications group, [illegible] yesterday it [illegible] take after-tax charges of $2.3bn in the third quarter to cover a write-down in equipment values and a cut in the workforce. The charges mean the group will report a loss for both the quarter and the [illegible]

[illegible] the charges [illegible] to the revaluation [illegible] old copper-wire telephone network that the group [illegible] currently replacing with a digital network able to carry [illegible] data [illegible] video [illegible]

Another $100m [illegible] the charges will [illegible] reducing [illegible] Atlantic's work[illegible] by [illegible] next three [illegible] (a quarter [illegible] cuts will come from management positions), while a further charge of $35m to $45m will go towards funding the group's withdrawal from [illegible]eral non-strategic businesses.

Bell Atlantic is the [illegible] of the "Baby Bell" regional phone companies to take a big charge to pay for cost-cutting. Earlier this [illegible] York-based Nynex took a $1.6bn charge [illegible] announced plans [illegible] cut [illegible] workforce by 16,800. Before that, BellSouth and US [illegible] both [illegible] similar restructurings.

The Baby Bells are slimming in preparation for competition in their local telephone markets and for the development of new businesses such as delivering interactive video, entertainment [illegible] information services to customers homes via the phone companies' telecommunications lines.

Although [illegible] interactive business is still in its infancy, the regional phone groups are scrambling [illegible] forge alliances with entertainment provi[illegible].

Bell Atlantic and two other Baby Bells – Nynex and Pacific Telesis – are said to be discussing plans with Creative Artists Agency, the Hollywood talent agency headed by Mr Michael Ovitz, to create a joint venture to deliver entertainment programming to consumers homes. According to the Hollywood newspaper Variety, the [illegible] with CAA would be similar to [illegible] recently-announced alliance [illegible] three other Baby Bells and the Walt Disney group.

The expansion of the Baby [illegible] interactive [illegible]tainment business will require significant [illegible] in new technology. Mr [illegible] Cullen, president [illegible] Bell Atlantic, [illegible] yesterday that [illegible] group planned to spend $10bn [illegible] $11bn over [illegible] tions [illegible]

Bell Atlantic's shares fell $⅜ to $56⅞ on the New York Stock Exchange yesterday.

Viacom advance helped by contribution from Paramount

By Bronwen Maddox in New York

Viacom, [illegible] entertainment group, reported a sharp rise in second-quarter net earnings [illegible] $221.7m on the [illegible] of strong growth [illegible] MTV, [illegible] music tele[illegible] channel, and a [illegible] contribution [illegible] Paramount Communications.

[illegible] results, which compare with net earnings [illegible] $41.6m in [illegible] quarter last year, also include a $267m pre-tax profit on the sale of Viacom's stake in Lifetime Television.

Mr Sumner Redstone, Viacom chairman, said: "These are great days for Viacom; we [illegible] completed our merger with Paramount, we have two runaway film hits in *Forrest Gump* and *Present Danger*, and we are [illegible] stellar [illegible] MTV [illegible]"

[illegible] rise in group revenues to $1.7bn [illegible] was [illegible] by [illegible] cent leap in revenues [illegible] $198.3m [illegible] MTV Networks, [illegible] includes the MTV channel.

Sumner Redstone: proclaims '[illegible] for Viacom'

MTV benefited from growth in advertising and in payments from television stations. However, revenues at Viacom Entertainment, the [illegible] production and [illegible] arm, fell by 15 per cent to [illegible] following a fall in re-run fees from television stations for The Cosby Show, the long-running sit-com of life in a black family.

The second-quarter results reflect the 50.2 per cent stake in Paramount held during the quarter, and are not directly comparable with previous results. The figures include revenues of $1.2bn and pre-tax earnings of $105m from Paramount. Viacom's long-running struggle to take over Paramount was formally completed on July 7, and the third-quarter results will fully consolidate the acquisition.

Second-quarter earnings per share amounted to $1.44 compared with $0.35 in the same period last year. However the group declared a net loss of $232.4m for the six months, or a loss of $1.72 a share, compared with net earnings of $122.6m, or [illegible] in [illegible] first half of 1993.

Rate of growth at Toys R Us slackens

By Richard Tomkins in New York

Weak demand in its international stores held back the pace of profits growth to 7 per cent at Toys R Us, the US toy retailer, in the second quarter to July.

Net earnin[illegible] rose from $35.5m in the comparable period to $38m on turnover up by 10 per cent to $1.45bn from $1.32bn. Earnings per share, [illegible] by [illegible] company's share repurchase programme, rose by 8 per cent to 13 cents from 12 cents.

Mr Michael Goldstein, chief executive, said US toy stores [illegible] sales growth of 2.2 per cent for the quarter on a store-for-store basis, with strong increases in basic toy merchandise.

By contrast, the international toy stores continued to suffer from local economic conditions and reported sales decreases on a store-for-store basis, except in Canada.

For the first six months, sales were 12 per cent ahead at $2.91bn while net profits were 7 per cent up at $75.6m, and earnings per share were 8 per cent ahead at 26 cents.

Mr Goldstein said the company planned to open about 40 toy stores in the US and 60 internationally this year, including the first stores in Denmark, Sweden and Luxembourg. The Kids R Us children's clothing chain planned to add six stores.

Macronix to build NT$30bn factory

By [illegible] Tyson

Taiwan's Macronix International, a manufacturer of integrated circuits, plans to build a NT$30bn (US$1.13bn) factory to make eight-inch silicon wafers, which are used in the production of chips.

Construction of the facility would begin in [illegible] or [illegible] to Mr Miin Wu, [illegible]

The company plans to list on [illegible] Taiwan Stock [illegible] this year.

Hang Seng Bank up at HK$3.1bn

By Louise Lucas in Hong Kong

Hang Seng Bank, the Hong Kong banking subsidiary of the Hongkong [illegible] Shanghai Banking Corporation, saw net profits [illegible] 13.2 per [illegible] to HK$3.1bn (US$401m) for [illegible] first half of 1994, up from HK$2.7bn in the same period [illegible], but below market expectations.

Directors said operating profits were squeezed by the narrowing of the spread between the best lending rate and the savings deposit rate; the elimination of exchange gains on Hong Kong dollar notes (following the change of the settlement currency to Hong Kong dollars as of late January); and the reversal in the latter half [illegible] last year of an over-provision relating to the accrued liabilities of the staff retirement benefit schemes.

Announcing the results, Sir Quo-Wei Lee, chairman, said: "Competition for deposits remained [illegible], in particular Hong [illegible] dollar wholesale [illegible] gin [illegible] under pressure. In such [illegible] operating environment, Hang [illegible] result for the first half [illegible] 1994 was satisfactory."

The market had been looking for growth in excess [illegible] 15 per cent, but disappointment in results from the banking [illegible] already [illegible] signalled by Bank of East Asia, Hong Kong's third [illegible] bank, [illegible] last month reported a [illegible] cent improvement at the interim stage.

Standard Chartered, the UK-based international bank which is one [illegible] Hong Kong's three note issuing banks, added to the gloom in the colony's banking [illegible] last [illegible] when it reported a drop in prof[illegible] from [illegible] Kong, [illegible] £108m (US$167.40m) from £122m.

Hang Seng said government [illegible] to cool property prices, [illegible]ced in June but signalled in March, had already fed through [illegible] a slowdown in mortgage lending. While the [illegible] brought property prices [illegible] between 10 per cent and 15 per cent in [illegible] months, [illegible] affordability of [illegible] to be [illegible] by a rise in interest rates in the second half, Mr Anthony Wong, assistant general manager, said.

The bank [illegible] paying an interim dividend [illegible] up 20 per cent on the HK$0.50 paid out last year at the interim stage. However, direc[illegible] were quick to warn that this should not [illegible] construed [illegible] an indication [illegible] the profit trend in the second half, but [illegible] as a symptom of Hang Seng's strong capital base, reflected by [illegible] cent risk asset ratio. Earnings [illegible] stand [illegible] HK$1.61 from HK$1.42 in [illegible] half 1993.

Provisions for [illegible] doubtful debts [illegible] slashed to HK$43.8m, compared with HK$72.3m [illegible] half [illegible]

Development Bank of Singapore climbs 14% as loan base grows

By Kieran Cooke [illegible] Kuala Lumpur

Development [illegible] Singapore (DBS), [illegible] island republic's largest bank, has [illegible] pre-tax profits for the six months to end-June of S$311m (US$206m), [illegible] cent rise on the corresponding period [illegible]

[illegible] said [illegible] group net interest [illegible] rise of 22 per cent. The bank said the increase was due to improved net interest margins and an expansion of the bank loan base.

DBS reported a 47 per cent increase in income on fees and commissions to S$124m, mainly due to higher income from merchant banking and investment banking.

However, the bank reported a sharp drop in other income, including that from securities trading, from S$85m in the first six months of last year to S$46m in the period to June. Activity on the Singapore stock [illegible] has [illegible] significantly [illegible] last [illegible]

DBS made provisions against bad [illegible] of [illegible] compared with [illegible] in [illegible] previous equivalent period.

Per share earnings rose from 61 Singapore cents to 71 cents over the period while the divi[illegible] was unchanged [illegible] 8 [illegible]

[illegible] Overseas Union Bank (OUB), another [illegible] Singapore's main banking groups, has reported pre-tax profits in the six months to June 30 of [illegible], a [illegible] more than [illegible]

Tat Lee Bank, a smaller [illegible] institution, reported pre-tax profits for the [illegible] period up 69 [illegible]

DBS, OUB, [illegible] United Overseas Bank (UOB) and Oversea-[illegible] Banking Corp (OCBC) [illegible] Singapore's four main banks. [illegible] and OCBC reported pre-tax profits up 34 per cent and 26 per cent respectively.

In spite of the healthy earnings picture, analysts say that profit margins are unlikely to continue at the present high level. In particular, they say higher interest rates are likely to curtail demand for housing loans, one of the most profitable areas of Singapore banking activity.

Cascades back in black at C$2.5m

By Robert Gibbens in Montreal

Cascades, the Canadian-based international paper and packaging group, reported second-quarter net profit of C$2.5m (US$1.8m), or 1 cent a share, a turnround from a loss of C$1.9m, or 7 cents a share, a year earlier.

Sales were C$394m, against C$416m. The figures reflect the sale of part of Cascades Paperboard International and the shutdown of the Duffel boardmill in Belgium.

Cascades bought Paperboard International nearly two years ago and has restructured it, selling assets to repay [illegible] incurred [illegible] the [illegible]

Most of [illegible] Cascades group's packaging interests in North America and Europe are now part of majority-held Cascades Paperboard International.

First-half profit for Cascades amounted to C$7.7m, or 7 cents a share, [illegible] a [illegible] loss [illegible] C$1.1m, or 8 cents a share. Sales were [illegible], down from C$835m, a fall of 9 per cent.

Mr Laurent [illegible] president, said the company would [illegible] a fine [illegible] C$28m imposed on its [illegible] holding company, Cascades SA, following a European competition [illegible] finding [illegible] the European paperboard industry. [illegible] commission alleges price-fixing.

Impala hit by weak price for rhodium

By Mark Suzman in Johannesburg

Impala Platinum Holdings, the world's second largest plati[illegible] mining company, [illegible] reported a 15 [illegible] drop in attributable earnings [illegible] R170m ($47.4m) for the [illegible] June, down from R210m [illegible] previous [illegible] The drop [illegible] international rhodium price.

Although platinum [illegible] rose to R1.44bn from R1.23bn and palladium sales increased to R202m from R144m, this was largely due to a 15 per cent depreciation in the rand and improved metals prices. Overall production of both metals declined, with platinum dropping to 1.05m ounces from 1.1m ounces a [illegible] and palladium [illegible] 472,000 ounces from 500,000 ounces.

But a steep drop in the price of rhodium led to a fall in earnings to R285m on sales of 91,000 ounces, from R564m on sales of 95,000 ounces last [illegible]

Capital expenditure increased 27 per cent to R199m from R157m, and the company has continued to improve its cash position, currently at a net positive R21m compared with net debt of R200m at the end of 1992.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Pool purchase price £/MWh	Final Pool purchase price £/MWh	Final Pool selling price £/MWh
0030	[illegible]	[illegible]	16.56
0100	[illegible]	[illegible]	[illegible]
0130	[illegible]	[illegible]	[illegible]
0200	[illegible]	[illegible]	[illegible]
0230	[illegible]	[illegible]	[illegible]
0300	[illegible]	[illegible]	[illegible]
0330	[illegible]	[illegible]	[illegible]
0400	[illegible]	[illegible]	[illegible]
0430	[illegible]	[illegible]	[illegible]
0500	[illegible]	[illegible]	[illegible]
0530	[illegible]	[illegible]	[illegible]
0600	[illegible]	[illegible]	[illegible]
0630	[illegible]	[illegible]	[illegible]
0700	[illegible]	[illegible]	[illegible]
0730	[illegible]	[illegible]	[illegible]
0800	[illegible]	[illegible]	[illegible]
0830	[illegible]	[illegible]	[illegible]
0900	[illegible]	[illegible]	[illegible]
0930	[illegible]	[illegible]	[illegible]
1000	[illegible]	[illegible]	[illegible]
1030	[illegible]	[illegible]	[illegible]
1100	[illegible]	[illegible]	[illegible]
1130	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]
1230	[illegible]	[illegible]	[illegible]
1300	[illegible]	[illegible]	[illegible]
1330	[illegible]	[illegible]	[illegible]
1400	[illegible]	[illegible]	[illegible]
1430	[illegible]	[illegible]	[illegible]
1500	[illegible]	[illegible]	[illegible]
1530	[illegible]	[illegible]	[illegible]
1600	[illegible]	[illegible]	[illegible]
1630	[illegible]	[illegible]	[illegible]
1700	[illegible]	[illegible]	[illegible]
1730	[illegible]	[illegible]	[illegible]
1800	[illegible]	[illegible]	[illegible]
1830	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

INTERNATIONAL [illegible] MARKETS

US Treasury prices hold steady in light trading

By Frank McGurty in New York and Antonia Sharpe in London

US Treasury bond prices held fairly [illegible] in light trading yesterday morning as the market braced itself for a move by the [illegible] Reserve [illegible] short-term interest [illegible].

[illegible] midday, the benchmark 30-year government bond was 1/16 lower at [illegible] with the yield rising [illegible] 7.501 per cent. [illegible] short end, the two-year note was unchanged at [illegible] yield [illegible] cent.

With [illegible] its regular policy-making [illegible] today, [illegible] traders were convinced that a [illegible] inevitable.

Last [illegible] inflation and retail sales, coupled with the continued strength [illegible] the employment market, provided ample [illegible] for the [illegible] bank [illegible] tighten credit conditions [illegible] the fifth time [illegible], according [illegible] analysts.

Yesterday's [illegible] did nothing [illegible] undercut [illegible] view.

The [illegible] announced that industrial production [illegible] grown by 0.2 per [illegible] last month, while [illegible] utilisation – an important barometer of incipient price pressures – held steady at [illegible] per cent.

[illegible] the July figures [illegible] from July, the figures [illegible] still [illegible] above a level which would suggest the economy had [illegible] into [illegible] gear.

However, the reaction to [illegible] muted, [illegible] increase appeared to be already priced into Treasury [illegible]. Bond prices [illegible] the news but edged [illegible] soon [illegible].

[illegible] only outstanding question, so [illegible] concerned, [illegible] whether [illegible] bank will lift [illegible] eral [illegible] by [illegible] points.

A more aggressive [illegible], which might include [illegible] in [illegible] discount [illegible] to be a positive development for [illegible] long [illegible] of the maturity [illegible].

Analysts [illegible] a 50-point increase [illegible] only demonstrate [illegible] vigilance against inflation but would not [illegible] the [illegible] wondering [illegible] yet [illegible] small [illegible] just around [illegible].

Still, most analysts [illegible] expecting [illegible] more [illegible] option.

"There [illegible] uncertainty regarding [illegible] economy's performance [illegible] firm by [illegible] points," [illegible] Mr Elliot Platt, an [illegible] Donaldson, Lufkin & Jenrette, [illegible] York [illegible].

GOVERNMENT BONDS

■ The public holiday in many parts of Europe crippled trading in the government bond markets which were open for business yesterday.

However, dealers are [illegible] ing themselves for [illegible] increase in activity in [illegible] event [illegible] Reserve raising interest rates today.

"This is an important week for bond markets despite the deceptively quiet atmosphere," [illegible] Ms Wendy Niffikeer, [illegible] analyst [illegible] IBJ [illegible] tional.

The [illegible] is also [illegible] guidance from the Bundesbank which is due to resume its fortnightly council meetings on Thursday after the four-week summer break. The scheduled run [illegible] fixed-rate repos, set at 4.85 per cent, comes to an end this [illegible].

Ms Niffikeer said the market's [illegible] had shifted away from a rate cut in Germany, following last week's interest rate rises in Italy and Sweden.

Nevertheless, she believed that a decision to keep the repo fixed at 4.85 per cent would be damaging to an already fragile market. "Any cut in the repo would be favourable," she said.

The market is clearly divided about the Bundesbank's intentions.

Ms Alison Cottrell, international economist at Midland Global Markets, believes that the gap of 35 basis points between the repo and the discount rates, although wide in theory, may [illegible] allow the Bundesbank [illegible] return to its preferred variable repo [illegible].

"In the absence of an [illegible] rate cut, do not expect the repo [illegible] 4.85 per cent – whether fixed or variable," she advises.

Mr Holger Fahrinkrug [illegible] UBS in Frankfurt says a return to variable [illegible] seen as confirmation that the Bundesbank sees scope for a further discount rate cut. "On balance, we expect a positive signal on more policy easing," he forecasts.

Activity in both cash and futures markets was quiet yesterday. On Liffe, the September bund [illegible] virtually unchanged at 91.57 with 56,338 contracts traded. The September long gilt future rose [illegible] to 100¾ in paltry volume of 16,515 contracts.

The Bank of England said two tranches of index-linked [illegible] totalling [illegible] yesterday. Dealers estimated that as much as 90 per cent of the £500m worth of outstanding taps [illegible] still unsold.

However, [illegible] Islam, fixed-income strategist at Merrill Lynch, said the Bank was [illegible] overly concerned about getting the taps done quickly since [illegible] was well ahead in its funding needs.

Emerging market debt trading jumps

By Tracy [illegible]

Trading volume in emerging market [illegible] reached almost $2,000bn in [illegible] than [illegible] volume recorded in [illegible] previous [illegible], according to a [illegible] by [illegible] Emerging Mar[illegible] Traders Association (EMTA).

Growth was concentrated in the market [illegible] Brady bonds (LDC bank loans repackaged as bo[illegible]. Trading in th[illegible] bonds in [illegible] increased fourfold to $1,000bn, representing about 52 per cent of overall market volume, up from 34 per cent in 1992.

Trading in secondary market loans [illegible] up [illegible] in [illegible] marking a [illegible] in market [illegible] from 31 per cent in 1992 to 14 [illegible] cent last [illegible].

"[illegible] in 1993 responded to opportunities created by the completion [illegible] Argentina's Brady [illegible] toward [illegible] restructuring in Brazil and [illegible] nations, widespread economic and political reform throughout Latin America [illegible] in [illegible] and [illegible] Europe, the North American [illegible] Agreement (Nafta), [illegible] low [illegible] interest rates," [illegible] Mr [illegible] Rodzianko, a managing director [illegible] Bank and chairman [illegible] the EMTA.

However, the turnround in the [illegible] interest [illegible] cycle in February sparked a sharp sell-off in debt markets, which severely undermined [illegible] in the emerging markets. As a result, the same sort of growth rate [illegible] unlikely to be achieved this [illegible].

Volume in emerging market derivative instruments rose by nearly 275 per cent [illegible] trading in debt options [illegible] from $15bn [illegible] $57bn.

The [illegible] that [illegible] debt instruments traded [illegible] become [illegible] geographically diverse, as [illegible] and investors searched [illegible] next market likely to offer the sort of gains realised in Latin American debt in the early 1990s.

Consequently, [illegible] European debt trading [illegible] to [illegible] or 4.4 per cent of the market, from $26bn. Africa's [illegible] (12 countries) [illegible] cent (six [illegible] volume up [illegible] per [illegible] $79bn.

The survey [illegible] 70 financial institutions was conducted [illegible].

Traders count cost of Confederation Life

By Tracy Corrigan and Conner Middelmann

[illegible] little other activity [illegible] them, those traders [illegible] investors who [illegible] their [illegible] yesterday [illegible] busy trying [illegible] analyse their position [illegible] regard [illegible] issued by Confederation Life, the Canadian insurance company placed [illegible] hands [illegible] government regulators [illegible].

Market-makers [illegible] longer making prices in [illegible] by [illegible] and [illegible] subsidiaries, given [illegible] uncertainty surrounding their [illegible].

[illegible] by other Canadian insurance companies [illegible] been hit, [illegible] prices marked down by [illegible] 4 points, although [illegible] not bidding for [illegible].

"Confederation Life's [illegible] has made people more [illegible] about [illegible] (Canadian insurance) [illegible] generally, [illegible] looking [illegible] bids," [illegible] one market-maker, adding that [illegible] forthcoming.

INTERNATIONAL BONDS

He [illegible] firm had received [illegible] number of enquiries from vulture funds, looking [illegible] how cheaply they [illegible] pick up paper, [illegible] sign of [illegible] buying.

According [illegible] dealers, [illegible] group [illegible] three [illegible] outstanding in [illegible] sterling bond [illegible] Confederation Treasury Services, guaranteed by [illegible] Life, [illegible] of [illegible] per [illegible] due 1997, arranged by [illegible] Warburg, [illegible] a £100m [illegible] of subordinated [illegible] due [illegible], arranged by Barclays [illegible]. In addition, Confederation [illegible] Holdings [illegible] arranged by SG Warburg.

In the Canadian dollar sector, Confederation Treasury Series, guaranteed by [illegible] eration Life, [illegible] 1997.

[illegible] credit, [illegible] they [illegible] rank [illegible] other [illegible] of [illegible] pay-out [illegible].

Until August 8, [illegible] senior [illegible] A by Standard & Poor's, [illegible] credit rating [illegible]. They [illegible] downgraded to [illegible] on Friday dropped [illegible] D, [illegible] means [illegible] payments are [illegible] or jeopardised.

Meanwhile, [illegible] primary [illegible] ground [illegible] yesterday, with large parts of Europe closed for [illegible] Assumption Day holiday.

Moreover, the few remaining market participants were lying low ahead of today's meeting of the US Federal Open Market Committee. "Although the market has largely priced in a rate hike, no one wants to anything before the meeting," said one syndicate manager.

All this, and the general summer apathy, should keep the flow of new issues to a minimum, traders said, with only a handful of small deals expected in some sectors, such as Canadian dollars and Japanese yen.

Merrill to issue warrants on commodities index

By Conner [illegible]

[illegible] growing investor interest in commodities, Merrill Lynch is due to issue 5m call warrants this week [illegible] its [illegible] Energy and Metals Index (ENMET), which it launched in late July.

The pricing for the European-style warrants will be decided on Thursday, but under current conditions the strike price would be $83.60, the index's spot value yesterday, with [illegible] price [illegible] $5.62 per warrant.

The warrants are targeted at both [illegible] equity fund managers seeking a diver[illegible] tool [illegible] hedge their real [illegible] of returns, said Merrill Lynch.

Commodities have become increasingly popular, due in [illegible] improved fundamentals [illegible] key commodity markets, [illegible] performance of [illegible] asset classes – especially fixed income, their positive correlation to broad inflation indices and their negative correlation to stocks and bonds.

ENMET includes six commodities grouped in three sectors: energy (West Texas Intermediate crude oil, natural gas), precious metals (gold, silver) and base metals (aluminium, copper), and is based on the nearest traded futures contracts.

In two weeks, Merrill Lynch also plans to issue two short-term structured notes linked to the index.

ABN-Amro to expand

ABN-Amro hopes to double the [illegible] derivatives operations by [illegible] reports [illegible].

"Derivatives will be the growth engine for the [illegible] ment bank [illegible] coming years," [illegible] Mr Dolf van [illegible] Brink, the bank's head of treasury and fixed income.

The bank, the biggest in the Netherlands, aims to double its front office staff to at least 200 people over the next four years as it builds up its foreign derivatives operations.

Derivatives [illegible] capital [illegible] risk-management intensive business and ABN-Amro [illegible] keep control firmly in Amsterdam. [illegible] of [illegible] expansion will [illegible] place abroad as [illegible] derivatives capacity in Chicago, London, Hong Kong and Singapore.

Longer term, [illegible] aim [illegible] to [illegible] hubs [illegible] grow fully-fledged derivative operations in a wider range of the countries [illegible] active, [illegible] van [illegible].

WORLD BOND [illegible]

BENCHMARK GOVERNMENT BONDS

		Coupon	Red [illegible]	[illegible]	Day's [illegible]	Yield	[illegible]	[illegible]
Australia		[illegible]	09/04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium		7.250	[illegible]	-	-	-	7.87	7.81
[illegible] *		8.500	[illegible]	83.5500	-0.160	[illegible]	[illegible]	9.00
Denmark		[illegible]	12/04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	BTAN	8.000	[illegible]	[illegible]	-	7.15	[illegible]	6.58
	[illegible]	8.500	[illegible]	[illegible]	-	7.74	[illegible]	[illegible]
Germany Bund		[illegible]	05/04	95.8800	+0.090	[illegible]	6.69	[illegible]
Italy		8.500	[illegible]	[illegible]	-	11.40†	10.57	[illegible]
Japan	No 119	[illegible]	[illegible]	[illegible]	+0.410	4.05	3.93	[illegible]
		4.100	[illegible]	[illegible]	+0.180	[illegible]	[illegible]	4.40
Netherlands		5.750	[illegible]	90.1000	-	7.23	[illegible]	6.78
Spain		8.000	06/04	[illegible]	-	10.90	10.57	[illegible]
UK Gilts		6.000	08/99	90-06	-	8.43	8.14	7.78
		6.750	11/04	[illegible]	-2/32	[illegible]	8.55	8.13
		9.000	[illegible]	102-20	-	8.71	8.61	8.28
US Treasury *		7.250	05/04	99-21	-	7.27	7.27	7.22
		[illegible]	05/23	84-07	-6/32	7.51	7.53	7.53
ECU [illegible]		6.000	04/04	85.1500	-	8.28	7.57	[illegible]

London closing. *New York mid-day. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by nonresidents). Prices: US, UK in 32nds, others in decimal. Source: [illegible] International

US INTEREST RATES

[illegible]

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) August [illegible]

	Open	Sett price	Change	[illegible]	Low	Est. vol	Open int.
Sep	113.68	114.04	[illegible]	[illegible]	113.[illegible]	[illegible]	[illegible]
Dec	112.80	113.20	[illegible]	[illegible]	112.[illegible]	[illegible]	[illegible]
Mar	112.10	112.56	[illegible]	[illegible]	121.00	36	[illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF) August [illegible]

Strike Price	Sep	[illegible]	Mar	Sep	Dec	[illegible]
113	1.50	[illegible]	-	0.55	2.20	-
114	0.90	[illegible]	-	0.80	2.55	-
[illegible]	0.45	[illegible]	-	1.43	3.35	-
[illegible]	0.19	[illegible]	-	2.18	3.88	-
[illegible]	0.08	0.80	-	3.00	4.60	-

Est. vol. total, Calls 32,223 Puts 59,403. Previous day's open int., Calls 356,535 Puts 331,608.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	[illegible]	Low	Est. vol	Open int.
Sep	91.60	91.[illegible]	[illegible]	[illegible]	91.36	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	90.66	733	[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Sep	Oct	[illegible]	Dec	Sep	Oct	Nov	Dec
9150	0.56	0.63	0.82	1.13	0.55	1.49	1.78	1.99
9200	0.33	0.47	0.73	0.92	[illegible]	[illegible]	2.06	[illegible]
9250	[illegible]	0.33	0.57	0.75	1.17	2.19	[illegible]	[illegible]

Est. vol. total, Calls 5451 Puts 6336. Previous day's open int., Calls 2/8708 Puts 264456

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	96.84	-0.03	-	-	0	[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	[illegible]	Change	[illegible]	[illegible]	Est. vol	Open int.
Sep	98.20	98.27	+0.47	[illegible]	97.29	9275	89561
Dec	98.15	97.10	+0.46	98.33	96.15	105	[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Sep	Dec	Sep	Dec
9900	1.14	2.49	0.87	[illegible]
9950	0.87	2.27	1.10	[illegible]
9900	0.64	2.05	1.37	[illegible]

Est. vol. total, Calls 823 Puts 1640. Previous day's open int., Calls 38783 Puts 35593

Spain

■ NOTIONAL [illegible] BOND FUTURES (MEFF) August [illegible]

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	-1.10	[illegible]	86.90	84,256	100,485
Dec	[illegible]	[illegible]	[illegible]	87.20	86.60	425	1,570

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	100-21	-0-01	[illegible]	100-11	16534	111113
Dec	[illegible]	100-[illegible]	-0-02	[illegible]	100-05	123	[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Sep	Dec	Sep	Dec
100	1-17	2-48	0-39	[illegible]
101	0-45	2-17	1-03	[illegible]
102	0-22	1-56	1-44	3-41

Est. vol. total, Calls 859 Puts 2758. Previous day's open int., Calls 71234 Puts 60052

Ecu

■ ECU BOND FUTURES (MATIF) August 12

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	81.70	[illegible]	-1.34	82.28	81.14	1,002	7,162
Dec	-	[illegible]	-1.34	-	-	-	221

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	[illegible]	[illegible]	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28,766	80,591
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	101-05	101-08	-0-04	101-11	101-05	434	[illegible]

Japan

■ NOTIONAL LONG TERM [illegible] GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	107.94	-	-	107.93	107.94	122	0
Dec	106.85	-	-	106.93	106.85	305	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price [illegible] UK Gilts	Mon Aug [illegible]	Day's change %	Fri Aug 12	[illegible]	[illegible] ytd
1 Up to 5 years (24)	120.34	-0.02	120.36	1.84	[illegible]
2 5-15 [illegible]	138.37	-0.04	138.59	1.71	[illegible]
3 Over 15 [illegible]	154.36	-0.11	154.52	[illegible]	[illegible]
4 Irredeemables (6)	175.86	+0.13	175.63	3.05	7.38
5 [illegible]	138.23	-0.04	138.36	[illegible]	[illegible]
Index-linked					
6 Up to 5 [illegible]	185.63	-0.03	185.69	0.44	3.95
7 [illegible] 5 years (11)	172.86	+0.17	172.56	0.82	[illegible]
8 [illegible] stocks (13)	173.41	+0.24	172.99	0.78	3.90
Debentures and Loans					
9 [illegible] & Loans (78)	128.09	+0.01	128.25	3.12	6.05

Yields	Low coupon Aug [illegible]	Aug [illegible]	Yr. ago	Medium coupon Aug [illegible]	Aug 12	Yr. ago	High coupon Aug [illegible]	Aug 12	Yr. ago
5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.76	[illegible]	[illegible]
15 yrs	8.88	8.88	7.15	8.73	8.71	7.29	8.96	8.97	7.51
20 yrs	[illegible]	[illegible]	[illegible]	[illegible]	8.71	7.37	[illegible]	[illegible]	7.54
Irred.†	[illegible]	8.66	[illegible]						

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Aug 15	Aug 12	Aug 11	Aug [illegible]	Aug 9	Yr ago	High*	Low*
Govt. Secs. (UK)	91.11	91.17	91.57	92.17	92.26	[illegible]	[illegible]	[illegible]
Fixed Interest	109.13	109.08	110.64	[illegible]	111.12	[illegible]	[illegible]	[illegible]

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Aug [illegible]	Aug 11	Aug [illegible]	Aug 8	Aug [illegible]
Gilt Edged bargains	[illegible]	[illegible]	[illegible]	130.4	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	90.0	79.7

UK GILTS PRICES

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for [illegible] 1993: 141.8 and for June 1994: 144.7.

Other Fixed Interest

[illegible]

• "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 15

U.S. DOLLAR STRAIGHTS; [illegible] FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; D-MARK STRAIGHTS; [illegible] RATE NOTES; CONVERTIBLE BONDS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

تكنولوجيا الأحصل

COMPANY NEWS: UK

Market share rises but sales growth slows in last two months

Argos advances 16% to £15.3m

By Neil Buckley

Argos, the catalogue retailer, said yesterday it had been hit hard by tax increases in April, but was still able to produce a 16 per cent increase in pre-tax profits for the first half from £13.2m to £15.3m.

Turnover for the 24 weeks to June 18 improved by 13 per cent, from £366m to £412.9m. Mr [illegible] Smith, group chief executive, said like-for-like sales had grown by 9 per cent in [illegible] first four months but had fallen to 1.3 per cent in May and June resulting in overall growth of 6.7 per cent.

He said the slower growth after April was due partly to stronger comparative figures and to catalogues being in short supply after heavy demand early in the year, which had signalled an upturn in consumer confidence.

Mr Smith added that the tax increases had made customers more cautious, spending less [illegible] more on [illegible] clothing, and [illegible] luxuries [illegible] holidays [illegible] cars.

Mike Smith: tax increases had made customers more cautious

However, in spite [illegible] in [illegible] growth [illegible] lower [illegible] prices, Argos [illegible] share in most product areas. While increasing its price competitiveness, Argos had held the reduction in its gross margin [illegible] 0.2 percentage points.

Like-for-like [illegible] had improved in the last two weeks [illegible] publication [illegible] catalogue, and Mr Smith said [illegible] was optimistic about prospects for the second half.

An aggressive store opening programme also contributed to the increase in total turnover. Cost controls and the introduc[illegible] systems helped Argos achieve a 19 per cent increase in operating profits to £11.6m (£9.7m). Net interest received increased from £3.42m to £3.65m.

Three superstores and seven traditional stores were opened during the period with a further 13 being refurbished. A total of 32 new stores should be opened during the year, taking the chain to 348.

Capital spending this year will be about £41m (£29m). However, Mr Smith said this was likely to be the peak of the opening programme, with future openings projected at 25 a year, and annual expenditure between £30m and £35m.

Argos expects to achieve this while continuing to add to its net cash, which averaged £146.3m in the first half.

Mr Smith said the company was examining a number of options, including electronic home shopping and mail order, for future investment, but no decisions had been made.

Earnings per share increased from 2.93p to 3.37p, and the interim dividend increased by almost 13 per cent from 2.35p to 2.65p.

See Lex

Welsh Water to cut 18% of workforce

By Peggy Hollinger

[illegible] Water yesterday said [illegible] £55m [illegible] pile in [illegible] when [illegible] unveils [illegible] strategy to [illegible] and analysts.

The group [illegible] details of a cost-cutting plan [illegible] will mean [illegible] of [illegible] utility's [illegible].

Welsh, which [illegible] strongest balance [illegible] among the 10 water and sewerage companies, has several options for the cash from buying [illegible] to expanding [illegible] non-regulatory [illegible].

Mr Graham Hawker, Welsh's chief executive, implied the preferable option would be to expand the businesses. "If we can use our skills and assets to generate superior returns to shareholders then that's what we should do," he said.

Any diversification would have to be treated cautiously after the group's unhappy experiences as hotels manager and unwelcome investor in Swalec, the regional electricity company.

Welsh also announced yesterday that it planned to shed 550 mostly white collar jobs, in a move designed to help it beat efficiency targets set by the industry regulator last month.

The company was widely regarded to have done well out of the regulator's price review, with annual increases of 0.5 percentage points above inflation allowed to 2000.

The job cuts will result in a £17m provision against profits this year but are expected to bring a similar level of savings over two years.

Mr Hawker said the redundancies included senior managers and head office staff. All would be voluntary [illegible] more than half of the p[illegible]ed cuts [illegible] been agreed already. Some [illegible] people had left between April 1993 and 1994, with a further 230 planned by the end of this year. The balance would [illegible] by the end [illegible] 1996-97 financial year. Savings of between £8m and £9m were expected in the first full year.

Big number, but deferred

Tim Burt and William Lewis look at reaction to Peter Davis's £2.02m compensation package

When [illegible] Peter Davis, the former co-chairman [illegible] Reed [illegible]ier, [illegible] next [illegible] London office suite provided by the Anglo-Dutch publishing group, [illegible] will more than £650,000 richer than when he [illegible] his holiday.

The 52-year-old executive, who [illegible] leading figure in [illegible] year's [illegible] International [illegible] Elsevier, will [illegible] to contemplate £70,000 of fringe [illegible] and a retirement cushioned by [illegible] enhanced pension payments.

[illegible] employers, however, yesterday [illegible] potential [illegible] over [illegible] compensation [illegible] by pointing out that Mr Davis's bank [illegible] not resigned in a dispute over management responsibilities in [illegible].

"It [illegible] number," [illegible] source admit[illegible] yesterday. "But [illegible] payment. We've negotiated a [illegible] and [illegible] by [illegible] staying with us."

The group's lawyers [illegible] package which, they claim, [illegible] Mr [illegible] contribution during eight years at the helm of Reed International, a period in [illegible] profits [illegible] doubled [illegible] price climbed from [illegible].

Although the headline figure puts Mr [illegible] third in the league [illegible] pay-offs [illegible] – behind [illegible] £3.1m paid to Mr John [illegible] ish Aerospace [illegible] £2.9m payment for two former Lasmo directors – Reed Elsevier claimed to have secured a "conservative" package.

Peter Davis: third in league of executive pay-offs this year

A senior [illegible] official said [illegible] pay-out was [illegible] expectations because of [illegible] group's [illegible] mitigation: [illegible] adjusted [illegible] Mr [illegible] of finding another job [illegible] early retirement.

The group, [illegible] a final payment [illegible] for pensions, [illegible] of more than [illegible] per [illegible] on what Mr [illegible] have [illegible] had he stayed until he was [illegible].

"Being blown out [illegible] final salary scheme [illegible] very expensive," [illegible] one [illegible] analyst.

Mr [illegible] receiving [illegible] pension [illegible] for only [illegible] years of [illegible] three-[illegible] rolling [illegible].

Nevertheless, [illegible] – [illegible] £650,000 [illegible] year – [illegible] some institutional shareholders.

"The pay off is excessive and difficult [illegible] justify, [illegible] Mr [illegible] Taylor, [illegible] fund manager at Royal Insurance.

Another, who asked not to be named, said he would be seeking clarification from [illegible]. "This [illegible] like [illegible] pay-off of a man [illegible] was [illegible] to leave. We have to [illegible] exactly happened."

Other institutions have [illegible] concern [illegible] the [illegible] Mr Davis's [illegible] options.

[illegible] company [illegible] comment on reports that [illegible] had options on more than [illegible] shares, but it admitted he could receive a pay-out "in [illegible] significant [illegible] earnings [illegible] share" under a long-term [illegible] scheme.

The Top Pay [illegible] Group, however, [illegible] final package [illegible].

Mr [illegible] Brown, [illegible] group's chairman, said: "The cash pay[illegible] not much more than [illegible] year's pay. [illegible] over-compensation, [illegible] are [illegible] examples than this."

Interest charges cut ADT to $30m

ADT, the electronic security services and car auction group with operations in North America, the UK and continental Europe, saw net profits fall in the second quarter to end-June, due to higher interest and tax charges.

Net income amounted to $30m (£19.3m) against $32.2m, reflecting a $2.5m rise in tax, and a $1.3m loss, compared with a $400,000 profit, from discontinued operations.

Interest expenses amounted to $18.4m, up from $11m; however, disposals have reduced gearing from 153 per cent to 78 per cent.

Total net sales for the quarter rose from [illegible] to $340.8m. Net income per share fell from 25 cents to 20 cents.

[illegible] the [illegible] period, ADT made 38 cents per common share, down from 45 cents, on net income reduced from $58.4m to $57.1m.

Malaya returns to the black

By Paul Taylor

[illegible] Group, [illegible] USM-quoted [illegible] retailer, yesterday reported [illegible] profitability in [illegible] months to [illegible] payments.

[illegible] profits [illegible] compared [illegible] of £153,000 [illegible] time on [illegible] sharply [illegible] (£15m). [illegible] nearly five-fold increase [illegible] sales partly [illegible] recent [illegible] activ[illegible] acquisitions [illegible] ing [illegible] of [illegible] gain.

Earnings [illegible] share were 0.41p, [illegible] of 0.35p; the group is returning to the dividend list with an interim of 0.25p – the last distribution to [illegible] for the [illegible] year.

Acquisitions [illegible] £353,000 to operating profits of [illegible] which compared with [illegible] £82,000 operating loss in the 1993 first half. Net interest payable was £251,000 (£71,000).

Following [illegible] acquisitions in [illegible] on target to assemble the first [illegible] dealership [illegible]ing in London and the home counties. Malaya now represents 18 franchises in a broad range of specialist and volume marques, with 18 outlets and seven Bodytech accident repair centres.

Commenting on the outlook Mr Keith Goldie-Morrison, chairman, said: "As expected the market has improved during the period and the company has in general enjoyed strong, and in some cases, record order books for August new car deliveries at its dealerships."

Calor responds to fall in shares

Shares [illegible] Calor Group, the liquefied petroleum gas distributor, fell 7 per cent, or 20p, to 270p yesterday, following [illegible] reports on Sunday about a price war in the bottled gas market which threatened "to undermine Calor", which has a 50 per cent share of the [illegible].

Calor responded yesterday, saying [illegible] market for bottled [illegible] "very competitive", [illegible] it [illegible] it was "currently maintaining market share, with pressure on margins being matched by cost reductions and operating efficiencies."

The shares recovered to close down 9p at 281p.

Calor is due to announce its results for the six months to June 30 on September 14.

Storm shares decline by 31%

By Clare Gascoigne

Shares in the Storm Group, which is involved with intellectual property rights relating to toys and [illegible] characters, [illegible] 5½p to [illegible] 12½p, [illegible] fall of 31 per cent, after Sunday press reports [illegible] by the company as containing "a range of ill-founded statements and material inaccuracies".

Mr Jim Driscoll, chairman, said he could not comment in greater detail as the group was considering further action. "We are obviously very worried by the fall in the share price."

The USM-quoted group recently raised £2.3m with a placing and open offer.

Pre-tax profits for the year to end-December were £122,000, compared with losses of £2.1m restated in accordance with FRS 3. [illegible] fell from £6.04m to £5.23m but there were operating profits of [illegible] ([illegible] losses), [illegible] much lower exceptional debits [illegible] £107,000, [illegible] £2.05m.

Takare rises 35% and defends its accounting

By Peggy Hollinger

Mr Keith Bradshaw, chairman of Takare, yesterday defended the nursing home group's accounting policies as it announced a [illegible] per cent [illegible] in pre-tax profits to £9.4m for the six months [illegible] June 30, on sales [illegible] per cent higher [illegible] £42.5m.

"Within the sector we [illegible] soft on accounting policies," Mr Bradshaw said. "[illegible] hard on them and always have been."

Takare's [illegible] price has been hit in recent months by concerns over [illegible] depreciation [illegible] capitalisation [illegible] policies.

The group, like many other nursing home operators, does not deprec[illegible] the value of its homes. It also capitalises [illegible] interest [illegible] building the [illegible] – adding that value [illegible] its fixed [illegible] – for up [illegible] three months [illegible] opening. [illegible] in [illegible] stop capitalising when [illegible] home opens.

Mr Bradshaw [illegible] group only opened [illegible] a phased basis, it [illegible] justifiable [illegible] stop capitalising [illegible] in [illegible] equally phased manner.

[illegible] depreciation, Mr Bradshaw [illegible] "If you [illegible] a company that [illegible] not revalue and which [illegible] the maintenance and refurbishment of [illegible] depreciate [illegible] top [illegible] that would [illegible] understating the performance [illegible] my company."

Mr [illegible] confident the group would allay fears about its profits through continuing growth. "We are filling our [illegible] than [illegible] before," he said.

This was in spite [illegible] Community [illegible] Act which [illegible] introduced means [illegible] potential [illegible] and [illegible] expected [illegible] hit companies such as Takare catering for [illegible] resident.

[illegible] stepping [illegible] its expansion programme, with 1,500 [illegible] extra [illegible] planned for this [illegible] were already [illegible] tion. The group had [illegible] in operation [illegible] the [illegible] of [illegible] period, [illegible] time, with [illegible] rate.

The increase in profits [illegible] largely fuelled by [illegible] number [illegible] Price inflation [illegible] per cent, Mr Bradshaw said.

The £68m rights issue [illegible] September helped Takare [illegible] interest [illegible] from £1.7m [illegible] capitalised.

The interim dividend [illegible] increased by 14 per cent [illegible] 0.8p. Earnings, depressed by the rights, fell by 0.3p to 6.4p.

COMMENT

Mr [illegible] of accounting policies [illegible] failed [illegible]. [illegible] the group's potential [illegible] growth remains encouraging, particularly [illegible] the capital spending [illegible] through, the dispute about [illegible] ing [illegible] a nursing [illegible] will [illegible] investors thoughts. [illegible] Mr [illegible] may [illegible], this will [illegible] to [illegible] thoroughly [illegible]. [illegible] profits [illegible] putting [illegible] on a [illegible] p/e of [illegible] 16. [illegible] with events in [illegible] short-term, but [illegible] year's prospects [illegible] attractive.

Huntingdon shares shed 9p after third quarter decline

By Jean Marshall

Shares [illegible] Huntingdon International Holdings fell [illegible] to close [illegible] 65p after the life [illegible] group [illegible] drop in pre-tax profits from £10.1m [illegible] end-June. Revenue, net [illegible] subcontracts, fell from £115.6m [illegible] £109.2m.

[illegible] three [illegible] the fall [illegible] on revenues [illegible] (£38.7m).

Mr Ian Campbell, chairman, said the nine-month results [illegible] disappointing. Although current trading was stronger in [illegible] operating [illegible] it [illegible] unlikely there [illegible] improvement in [illegible] fourth quarter.

In May, [illegible] group [illegible] it would [illegible] life sciences business [illegible] Mr Campbell [illegible] yesterday [illegible] discussions were under [illegible] with potential purchasers [illegible] engineering [illegible] environmental services business [illegible] for Travers Morgan, [illegible] consultancy.

For [illegible] there [illegible] of [illegible] (£2.77m profits) from US engineering while Travers Morgan contributed just £183,000 (£1.89m).

[illegible] sciences slipped to [illegible] as a [illegible] price competition, [illegible] anticipated throughput [illegible] unit [illegible]. However, the [illegible] new equipment [illegible] speeded [illegible] Huntingdon [illegible] Centre and [illegible] recruited. Also, [illegible] orders [illegible] quotations [illegible] per [illegible] with orders from Japan [illegible] the US considerably higher.

Mr Campbell [illegible] having [illegible] a "comprehensive restructuring" [illegible] intended [illegible] down [illegible] replacement [illegible] found.

Deluxe solution to a growing problem

Alan Cane on why a UK banking software company preferred getting a US parent

Growth from technology

The [illegible] Partnership, [illegible] uncompromisingly [illegible]ish, had every intention of staying that [illegible] when it [illegible] out to find a buyer [illegible] end of [illegible].

A specialist [illegible], which [illegible] pre-tax profits of [illegible] on turnover of £5.6m, it sought a buyer for [illegible] it [illegible] international markets [illegible] needed a partner with deep pockets [illegible] both [illegible] expansion [illegible] ambitions [illegible] development programme.

However, in June this year it was bought for an undisclosed [illegible] sum by Deluxe [illegible] Systems, the electronic [illegible] subsidiary [illegible] Corporation, [illegible] US cheque printer. DDS [illegible] of about $100m (£65m) and its parent [illegible] corporations [illegible] the US [illegible] revenues of $1.7bn.

Mr Nigel Walsh, [illegible] and managing director, said he [illegible] happy [illegible] outcome but regreted a suitable UK parent could not be found.

He had ruled out a flotation, arguing [illegible] generally [illegible] badly on [illegible] stock market, and was disappointed by the attitude of large UK electronics groups.

"They looked at us from the point of view of the balance sheet and were prepared to acquire us on that basis. They did not seem to understand our technology or to have a strategy after acquisition."

Mainland European groups were not much better, seeing the company chiefly as a bridgehead into the UK [illegible]ket. In the end, it was Broadview Associates, the US-based mergers and acquisitions specialist, which [illegible] DDS as a suitable parent.

[illegible] seems [illegible] of a merger than a takeover, despite the discrepancy in size. Mr Walsh and co-founder Mr Ian Booth will continue to run Software Partnership in Runcorn, now recast as DDS's international headquarters.

A [illegible] co-founder, Mr Howard Hanson, has been given charge [illegible] DDS's global [illegible] and development programme. [illegible] formerly [illegible] Partnership's [illegible] director, is now [illegible] development [illegible].

Mr [illegible] McGowan, [illegible] executive, emphasised [illegible] companies. "Not only [illegible] we acquired [illegible] first [illegible] products [illegible] complement [illegible] own solutions, but [illegible] have [illegible] gained [illegible] highly experi[illegible] standing of [illegible] international [illegible] marketplace."

Deluxe Corporation has been printing cheques since 1915 but is seeking [illegible] ant on what is [illegible] maturing mar[illegible].

DDS, formed in 1961, [illegible] part of this [illegible]. It provides processing [illegible] for electronic [illegible].

According to Mr McGowan, Deluxe should have revenues [illegible] by the end of the century [illegible] which [illegible] share should [illegible].

The acquisition of [illegible] Partnership fills [illegible] important gap in its [illegible].

"Within the [illegible] will tailor their [illegible] delivery systems [illegible] individual . . . screen phones, personal computers and interactive televisions will be used alongside automated teller [illegible] and point-of-[illegible] terminals," [illegible] Mr McGowan.

"With the [illegible] Partnership software, we now have the key piece needed to help institutions reconfigure their systems and [illegible] the cutting edge of direct banking."

[illegible] and [illegible] institu[illegible] using Software Partnership products include Barclays and [illegible] National & Provincial Building [illegible].

It [illegible] ahead of [illegible] time [illegible] that electronic delivery [illegible] banking [illegible] would [illegible] a diversity [illegible] forms and [illegible] secret [illegible] rapid and economic development of new services was a common design allowing any device, such as a telephone, personal computer, [illegible] television, to connect to [illegible] system or application. [illegible] essentially a building block approach.

[illegible] Partnership is [illegible] building block in Deluxe's growth strategy. It seems unlikely that Mr [illegible] and his [illegible] will [illegible] much [illegible] or inclination for regrets that [illegible] Stripes rather than the Union Flag hangs [illegible] their corner of [illegible].

A previous article in [illegible] appeared on [illegible]

Nigel Walsh: "UK companies did not understand our technology"

NEWS DIGEST

Enlarged Epwin rises 41%

Epwin, [illegible] manufacturer [illegible] PVC-u windows [illegible] doors, [illegible] substantially higher profits [illegible] the [illegible] to July 2.

[illegible] up [illegible] per [illegible], pre-tax profits [illegible] per cent, from £1.75m [illegible].

Mr [illegible] Rawson, chairman, [illegible] America [illegible] the purchase of 50 per [illegible] Canadian Berlinex Polymers in April, [illegible] "broadening its spread of activities". [illegible] acquisition in June [illegible] door, [illegible] of composite doors, [illegible] the first [illegible] in this [illegible] group financed [illegible] purchases, which cost £6.75m, from reserves and [illegible] £4.3m placing.

Earnings per [illegible] were 7.54p (5.68p), [illegible] an [illegible] dividend of 2.7p (2.3p) is declared.

Alliance Trust net assets slip 8%

Alliance Trust reported an 8 per cent fall in net asset value to £19.56 per share at July 31, against £21.33 six months earlier. The figure, however, showed an improvement on the £18.46 at end-July 1993.

Net available revenue for the [illegible] months [illegible] £12.6m, [illegible] per [illegible] were 24.98p (24.1p). The interim dividend is [illegible] up [illegible] 15p (14.5p) [illegible] an increased final is forecast.

All-round growth lifts Relyon 34%

Relyon Group, the beds and polyurethane foam manufacturer which also supplies surveillance equipment, improved pre-tax profits by 34 per cent, from £1.94m to £2.6m, in the half year to June 30.

All three of the subsidiaries had contributed to the increase, Mr Ralph Platt, chairman, said. Turnover amounted to £22m, against £20.3m which included £390,000 from discontinued operations.

Earnings per share rose from 6.15p to 8.23p and the interim dividend is lifted to 2.1p (1.9p).

Serif losses rise sharply

Serif, the specialist printing and packaging group, saw pre-tax losses widen sharply from £494,000 to £913,000 in the first half of 1994, on [illegible] £9.18m, against £8.7m.

Mr Richard Harrison, chairman, said the second half was expected to [illegible] improvement, but a profit for [illegible] period was [illegible] anticipated.

[illegible] implementation [illegible] reorganisa[illegible] end of [illegible], [illegible] which [illegible] taking longer [illegible] materialise [illegible] hoped.

Losses [illegible] share, [illegible] capital [illegible] by [illegible] rights issue, [illegible] 1.2p (2p).

Manders expands in Australasia

Manders, [illegible] coatings and printing [illegible] group, is to acquire the printing [illegible] operations of [illegible] Group, [illegible] in [illegible] Zealand and [illegible] trading [illegible] Printing [illegible].

Its turnover [illegible] the [illegible] to [illegible] 30 [illegible] (£17.9m) [illegible] profits before interest [illegible].

Admiral links up with Powersoft

Admiral, the information technology services, products and training [illegible], has [illegible] a partnership [illegible] Corporation, [illegible] developer of [illegible] PowerBuilder Enterprise [illegible] application development [illegible].

[illegible] paid Admiral [illegible] for [illegible] per [illegible] share in [illegible] partnership [illegible] which Admiral [illegible] business of the distribution and provision of support, maintenance and training for the client-server products [illegible] by [illegible].

Beazer Homes sells N Ireland operation

[illegible] Homes, [illegible] housebuilder [illegible] on the [illegible] market by Hanson in March, [illegible] completed [illegible] sale [illegible] Northern Ireland operations of [illegible] to Ladyhill Holdings for £2m cash.

Beazer acquired John Mowlem Homes in July for £31m and said at the time that nego[illegible] for the disposal of the Northern Ireland [illegible] way.

Horace Small 71% ahead to £0.95m

Horace [illegible] Apparel, [illegible] of fitted uniforms [illegible] corporate clothing formerly [illegible] United Uniform Services, [illegible] pre-tax profits by 71 per [illegible] from £553,000 [illegible] half year [illegible] June [illegible].

Turnover improved by [illegible] per [illegible] (£33.5m).

Earnings [illegible] advanced to 3.7p (1.3p). However the company [illegible] paying an interim [illegible] (1p).

Portmeirion ahead 18% to £1.88m

Portmeirion [illegible] (Hold[illegible]) reported profits of [illegible] pre-tax for the [illegible] months to [illegible] 30 – an 18 per cent rise [illegible] comparable £1.59m.

Turnover from continuing operations expanded [illegible] 12 [illegible] to [illegible] (£11.4m).

[illegible] interim [illegible] up from 2.25p to 2.5p, payable from earnings of 11.85p [illegible] per share.

Acquisitions boost London Industrial

Acquisitions [illegible] Industrial, [illegible] property [illegible]ment [illegible], report pre-tax profits for the [illegible] 30 more than [illegible] against £197,100.

Turnover increased [illegible] to [illegible] rental income contributing £1.74m, [illegible] £1.39m. Earnings per [illegible] came [illegible] at 4.7p (3.4p).

COMPANY NEWS: UK AND IRELAND

Strategy of maintaining existing branch network to be reviewed

Midland advances to £443m

By John Gapper, Banking Editor

Midland Bank will re-examine its strategy of maintaining its branch network and keeping senior managers in branches if it fails to attract sufficient new income to compensate for the cost, the bank said yesterday.

Sir William Purves, chairman of Midland and its parent company HSBC Holdings, said that it wanted to use its 1,740 branches to increase its market share in the UK, but "it remains to be seen if we have got it right".

The strategy of putting managers back into local branches and keeping a strong network was set by Sir Brian Pearse, the bank's previous chief executive. Sir Brian retired earlier this year, and was succeeded by Mr Keith Whitson.

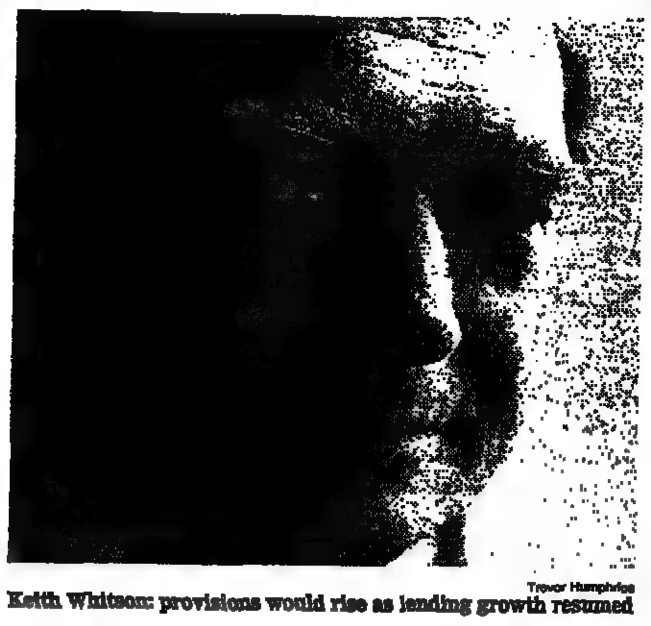
Midland disclosed a £58m rise in pre-tax profits to £443m for the half year to June 30, but an 11 per cent drop in operating income to £1.5bn (£1.68bn).

It lost £6m – before expenses – in securities and foreign exchange dealing compared with a £296m profit.

Net interest income rose by 7 per cent to £897m (£840m), but non-interest income fell by 29 [illegible] cent to £599m [illegible]. "The biggest worry in clearing banking must be that revenue is simply not growing as fast [illegible] overheads," [illegible] William.

Operating expenses were flat [illegible] £1.04bn, but [illegible] ratio [illegible] costs to income rose to 69.6 per [illegible] (61.9 per cent). This [illegible] above the HSBC group target of 60 per cent, and Mr Whitson said he hoped that the figure would fall next year.

Sir William said he believed the 2.5 per cent pay rise imposed on Midland's 45,000 staff was fair despite ballots on a series of one-day strikes organised by Bifu, the banking union which represents 13,900 Midland staff.



Trevor Humphries

Keith Whitson: provisions would rise as lending growth resumed

Mr Whitson said Midland had made gains in its credit card business, and had increased its share of the UK mortgage market.

He said the pressure on margins had been limited except in lending to big companies, but he expected that pressure to grow.

Provisions for bad and doubtful debts fell to £54m (£321m), including a net release of £45m related to less developed country lending. Mr Whitson said he expected the provisions figure to rise somewhat when lending growth resumed.

Midland made a £65m profit from reducing its equity shareholding in 3i, the venture capital company formerly owned by banks, from 17 per cent to 8 [illegible].

The profit will be realised in the second half's financial accounts.

Assets weighted by risk rose to £48.2bn (£42.9bn) and the tier 1 ratio of core capital to risk-weighted assets stayed at 6.5 per cent.

Midland paid a £106m dividend [illegible] HSBC out [illegible] unchanged attributable profit of [illegible].

Earnings per [illegible] amounted [illegible] (35.4p).

[illegible]

BOC buys Dutch group for £10.8m

By Clare Gascoigne

BOC, the industrial [illegible] and healthcare company, has bought a Dutch equipment supplier for Fl 29.4m (£10.8m).

The Calumatic group, which supplies filling, sterilising and capping lines to the pharmaceutical industry, will be integrated with Edwards Freeze Drying, part of BOC's vacuum technology division and a supplier of freeze driers [illegible] the pharmaceutical industry. The acquisition will be funded by cash, a proportion of which is deferred and contingent on future performance.

Mr Danny Rosenkranz, managing director, said the acquisition "allows us to develop our freeze-drying [illegible]." The new business, BOC Edwards Calumatic, will be able to provide complete packaging solutions for a variety of injectable formulations.

BOC is implementing a three-year restructuring, and made an £85m provision in its latest accounts, £60m of which was for the healthcare business. It reported a fall in pre-tax profits [illegible] compared with £261.6m, in the nine months [illegible] June 30.

BOC shares rose 7p to 732p.

Bank of Ireland sells UK finance house for £25m

By Tim Coone in Dublin

Bank of Ireland, one of the two main clearing banks in the Irish Republic, has sold its UK finance house subsidiary to a consortium [illegible] UK-based [illegible] finance specialists [illegible] £25.7m.

British [illegible] Trust [illegible] originally acquired in [illegible] and [illegible] peak had £400m in [illegible] and hire purchase agreements. However, Bank of Ireland [illegible] to withdraw from the general instalment credit business in [illegible] was incurring heavy losses, and has since run down BCT's [illegible] to £8m.

The [illegible] said the [illegible] ended its involvement in [illegible] instalment credit business in the UK. [illegible] of Ireland's strategy in the UK is to develop its branch banking and mortgage finance [illegible].

[illegible] Gewolb, one [illegible] the directors of the consortium that has bought BCT, said: "The [illegible] financing [illegible] undergoing something of a [illegible] and it [illegible] a good time [illegible] acquire the right sort vehicle to build up a [illegible]."

[illegible] been well-managed by Bank of Ireland, he said, and offered good potential "both through organic growth and acquisition".

The company will focus [illegible] commercial and consumer finance in the middle and small-ticket leasing [illegible] hire-purchase sectors.

The consideration for BCT included secondary collectables, properties and cash, [illegible] addition to the primary loan [illegible].

"[illegible] paid [illegible] little in goodwill," Mr Gewolb said.

Bank [illegible] Ireland said it had [illegible] more than the book [illegible] of BCT.

SeaCon net income at £6.4m and asset disposal considered

[illegible] Containers, the Bermuda-based leisure, ferry and container leasing group, reported flat [illegible] income [illegible] $10m (£6.4m) compared with $10.4m, for the second quarter to end-June. Profits before income tax fell from $11.2m to $10.7m.

For the six-month period, profits [illegible] income tax fell from $14.4m to $3.44m, although the company said the comparison was distorted by the fact that in the first half of 1993 [illegible] made a substantial gain on the sale of a factory, [illegible] well [illegible] significant foreign exchange profits.

[illegible] the quarter [illegible] from [illegible] $114.2m, while for [illegible] six-month period [illegible] $183.9m to $199.5m.

[illegible] Sherwood, president, [illegible] board had decided not to go ahead with its previously announced [illegible] offering, as [illegible] share price is too low and market conditions too weak. However, he said [illegible] was considering an asset sale later in the year.

Andrews Sykes net [illegible] cut by £4m after valuation

Andrews [illegible] Group, [illegible] specialist industrial [illegible] company, announced yesterday [illegible] announced, on August 1, [illegible] of [illegible] UK pension schemes had [illegible] resulting in [illegible] drop in [illegible] current surplus [illegible] £2.4m.

The [illegible] that the valuation reinforces the board's belief that it was inappropriate to bring this [illegible] the balance [illegible] it had been held since 1990, as it did not represent a readily available tangible asset.

As a result, final results for the year will include a prior year adjustment to reflect a change of accounting policy, excluding the brought forward surplus from the balance sheet.

The loss before tax of £4.7m and the gearing ratio of 256 per cent (excluding the surplus) are unchanged, but net assets at March 31 are reduced by [illegible] to £6.7m.

NEWS IN BRIEF

ASPEN COMMUNICATIONS has agreed to acquire Litharne, a magazines publisher, for an initial £550,000, to be [illegible] by the issue of 323,530 new ordinary shares. Further payments [illegible] up to £1.7m are [illegible]-related.

AUTOMATED Security Holdings' Californian subsidiary, API Security, has agreed to sell its residential alarm base for $2.3m (£1.48m). In addition, Sonitrol [illegible] Corporation, a subsidiary [illegible] to purchase [illegible] client [illegible] Sonitrol Eugene (Oregon) for about [illegible].

[illegible] has placed 4.45m [illegible] equity capital) [illegible] 11.7p [illegible] with Gladerange Executive [illegible] and [illegible] Slater [illegible]ments. [illegible] will be [illegible] to supplement working capital and fund expansion.

CELTIC GOLD [illegible] into [illegible] option agreement with [illegible] Coyle Hamil[illegible] shareholders, under which Celtic will have the right to buy [illegible] ordinary [illegible] in Coyle [illegible] cent) [illegible] I£15 [illegible] per [illegible] any time up [illegible] January [illegible].

DENCORA has bought a 112-year lease on Spectrum House, Basingstoke, [illegible] £2.64m. The consideration will [illegible] by [illegible] of [illegible] the vendor, Hill Samuel Property Unit Trust, which have been placed with institutions, and by existing bank facilities. Current rent receivable is £305,000 a year and the annual ground rent is £61,000.

EUROPEAN MOTOR Holdings shareholders have applied for 13.5m new ordinary shares, representing 90.2 per cent of the open offer.

EXCALIBUR has received applications in respect of 12.8m new ordinary shares, representing about 83.6 per cent of its rights issue.

FENCHURCH has acquired Christopher James and Partners, a financial consultancy, [illegible] a total of £660,000, to be paid in two instalments.

FINELIST GROUP: recent rights issue accepted by provisional allottees or their renouncees in respect [illegible] 10.9m shares, representing 99.6 [illegible] cent [illegible] offer.

IAWS GROUP has bought the entire share capital of Unifood, the Irish baking ingredients supplier, from Irish Biscuits. Net assets acquired are valued [illegible] I£100,000 [illegible]. Unifood's pre-tax profit [illegible] I£258,000.

[illegible] (WM) & Son: [illegible] for [illegible] to April [illegible], on turnover ahead from £151.3m [illegible] £161.7m. Earnings per share 158.7p [illegible].

KITTY LITTLE: [illegible] with applications [illegible] for 5.44m new ordinary [illegible] 49.1 [illegible].

ROSKEL has paid £260,000 for two more distribution branches, in Manchester and Sheffield.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Alliance Trust	int	15	Oct 7	14.5	-	47
Argos	int	2.85	Nov 14	2.35	-	8
Epwin	int	2.7†	Oct 24	2.3	-	7.5
HSBC	int	8	Nov 18	7	-	23.5
Malaya §	int	0.25	Sept 30	nil	-	nil
Relyon	int	2.1	Oct 3	1.9	-	5.2
Takare	int	0.8†	Oct 3	0.7	-	2.1
US Smaller Trust	fin	0.5	Oct 14	0.3	0.5	0.3

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

COMMODITIES AND AGRICULTURE

Silver market retreats to seven-month lows

By Kenneth Gooding, Mining Correspondent

Silver prices dropped in London yesterday [illegible] the lowest [illegible] for nearly [illegible] months following [illegible] sharp plunge in New York late [illegible] Friday caused mainly by heavy trade selling.

The silver price was "fixed" in London [illegible] a troy [illegible] lowest since January 28. It was also nearly [illegible] per cent [illegible] Friday's "fix" and 12 [illegible] cent below this year's peak [illegible] $5.74¾ [illegible] ounce [illegible] on March 24. The price recovered slightly to close in London last night [illegible] $5.06¼, [illegible] 6 [illegible] from Friday's [illegible].

Dealers cited [illegible] technical factors for Friday's drop in the price for September delivery on the [illegible] Commodity Exchange. Silver's failure to break through the technical resistance level at $5.20 an ounce had disappointed some speculators, they said.

Mr Ted Arnold, analyst at Merrill Lynch, suggested that [illegible] was more likely to [illegible] below $5 an ounce in coming months than rise [illegible] the [illegible] some US hedge and commodity funds were said to be targeting earlier this year. "There [illegible] signs that the [illegible] and the Arab syndicates are begining to feel that a more aggressive short selling technique may [illegible] dividends in coming weeks," [illegible] Mr Arnold in [illegible]rill's latest Base & Precious Metals Report. The Swiss seemed to be *aiming* to drive down the silver price first to $5.15, then to $5.07 and finally $4.95 an ounce. Mr Arnold forecast that in the next two or three months silver would trade between $4.50 and $5.60 an ounce.

PNG gold mine back in operation

By Kenneth Gooding

The Porgera gold mine in Papua New Guinea, one of the largest in the world outside of South Africa and an important source of revenue for the PNG government, resumed full production at the weekend.

Operations were halted on August 2 by an explosion at an explosives facility near the mine which killed 11 people.

On Saturday Sir John Kaputin, PNG's Minister of Mining and Petroleum, gave approval for full production after recommissioning processes last week confirmed that the mine and plant were operating safely.

[illegible] Pacific, [illegible] project manager, says it will take several months to repair the damage to the mine. Porgera produces nearly 1.5m troy ounces of gold annually and, apart from collecting royalties, the government has a 25 per cent stake.

Jamaica increases bauxite production

By Canute James in Kingston

[illegible] output [illegible] bauxite (aluminium ore) in the first half [illegible] this [illegible] reached 5.81m tonnes, 8.4 [illegible] cent more than the first [illegible] of [illegible], while alumina (aluminium oxide) production rose [illegible] per cent [illegible] 1.61m tonnes, according [illegible] Jamaica Bauxite Institute.

The rises mainly resulted from capacity expansion by Alumina Partners of Jamaica, the island's biggest refiner.

Conference seeks accord on high seas fishing

By Alison Maitland

Fishing [illegible] being urged to sink their [illegible] an international treaty governing catches [illegible] the [illegible] seas [illegible] an attempt [illegible] halt [illegible] over-fishing.

Over the [illegible] weeks, a [illegible] in New York will [illegible] common ground [illegible] coastal states, whose territorial waters [illegible] 80 [illegible] cent of [illegible] fish, and [illegible] fishing [illegible] Japan, Spain and Russia, which [illegible] large [illegible] operating on [illegible] high [illegible].

[illegible] species [illegible] cod have [illegible].

The UN [illegible] and Agriculture Organisation [illegible] global [illegible] increased [illegible] twice the [illegible] of [illegible] world marine [illegible] between 1970 [illegible] compounded by government subsidies worth some [illegible] a year [illegible] fishing fleets.

[illegible] led some [illegible] halt [illegible] fishing effort – Iceland [illegible] fishing by [illegible] per cent.

The problem [illegible] by unregulated fishing [illegible] flying [illegible] subject [illegible] no country's [illegible].

Canada, [illegible] concerned [illegible] the [illegible] of high seas fishing on the [illegible] in [illegible] a foreign fishing [illegible] April, saying [illegible] crew were "modern day pirates stealing Canada's [illegible] and keeping [illegible] work".

There [illegible] yet [illegible] international regulation [illegible] high [illegible] – [illegible] beyond [illegible] 200-mile exclusive [illegible] zones – although multinational agreements exist in certain regions. [illegible] North [illegible] Atlantic [illegible] Organisation, [illegible] example, is supposed to cover high seas stocks off Canada.

The UN conference was initiated by the Rio Earth Summit in 1992 and started work last year to try to close these gaps in the 1982 UN Convention on the Law of the Sea.

This month's meeting is scheduled to be the final session.

Fish [illegible] obey artificial geographical limits [illegible] "highly migratory [illegible] straddling" [illegible] by the conference are those species found within two or more states' territorial waters or the adjacent high seas.

Cod off eastern Canada and pollack in the Bering Sea, for example, straddle several countries' waters, [illegible] species such [illegible] and [illegible] migrate [illegible] distances. [illegible] a dominant [illegible] in regulating fishing for [illegible] species, [illegible] long-distance fishing nations are seeking international regulation.

Mr Satya Nandan, the Fijian chairman of the conference, has drawn up principles for a treaty, including provision for enforcement, compulsory and binding settlement of disputes, and acceptance of scientific evidence on the state of fish stocks as the basis of the agreement.

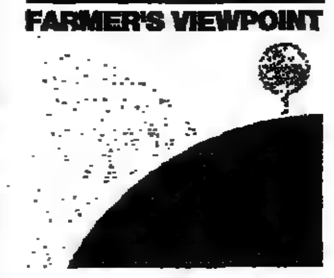
Some participating nations believe conflicting interests make agreement on an all-embracing treaty unlikely. They suggest, however, that one important loophole – Panama's issue of flags of convenience – may be closed if a convention can be drawn up stating that countries may issue flags and fishing rights only for their own territorial waters.

"It appears Panama would agree to co-operate," said an official from a European Union member state. In exchange, Panama would be offered tariff concessions on fish exports to the EU.

Pig cycle gets stuck in low gear

UK prices have now been below break-even levels for 12 months

FARMER'S VIEWPOINT



By David Richardson

Pig farming has always been a notoriously cyclical affair; but the present down-swing in prices has been deeper and much longer than usual and is causing severe pain in the sector.

A year ago this week the average ex-farm price for finished pigs was just over 105p a kilogram deadweight. It had fallen sharply during the previous [illegible] level, [illegible] was generally [illegible] about [illegible] price [illegible]. The [illegible] through last autumn and winter and although there was some recovery during the spring and summer of this year the price consistently failed to reach the break-even point.

Since then it has dropped back again, to 96.45p last week. Moreover the average all [illegible] price (AAPP), [illegible] weekly by [illegible] Livestock [illegible] deals, [illegible] reach [illegible] profitable level during the whole of the past 12 months.

We pig keepers are used to our charges being either "copper or gold" as the cycle of production and price revolves. But a full year of heavy losses is an extreme situation and has resulted in many business failures. Just how many pig producers have been forced out of business is not yet known but there must now be significantly fewer of us than the 11,800 operating across the UK in June 1993.

It is not just farmers who have lost money on pigs. Many abattoir operators claim to have had similar problems and some have gone out of business. [illegible] remain have had to cancel or modify minimum price contracts half way through their term and still more have assessed the situation and refused to continue with such contracts.

Feed companies too have reduced their exposure to the vagaries of the pig market. In the past most major companies financed the breeding and feeding of large batches of pigs, employing farmers as contractors and paying them a share of the proceeds for the use of their buildings and labour. The system locked in guaranteed feed business for the manufacturers and reduced capital involvement for farmers while at the [illegible] providing [illegible] with an [illegible]. [illegible] integration was never popular with traditionalists but it served its purpose for the parties involved.

Now, however, following substantial losses during the past 12 months, most feed manufacturers are reducing their involvement in such schemes or pulling out altogether.

The single major exception appears to be BOCM Pauls, which earlier this year took [illegible] the 100,000-head-a-year [illegible] Dreyfus operation [illegible] reported to [illegible] agreed [illegible] buy 6,000 [illegible] from Unigate, which were farmed by its Malton Bacon Factory subsidiary. BOCM Pauls [illegible] now thought to control the production and marketing of [illegible] 1.5m pigs per year – about 10 per cent of the UK total. The company is almost alone [illegible] major [illegible] suppliers [illegible] expressing its faith in the future [illegible] pig rearing.

The disillusionment of [illegible] hardly surprising. For while [illegible] incomes [illegible] UK agriculture [illegible] been boosted by the devaluation of sterling and associated increases in EU [illegible] pig farmers have had virtually no such assistance. Indeed [illegible] in [illegible] price of [illegible] increase the [illegible] of [illegible] feed, thereby raising further [illegible] break-even point for [illegible] production. The combination of currency devaluation [illegible] potential shortage of [illegible] grain [illegible] of [illegible] yields [illegible] Europe has [illegible] the price [illegible] feed grain by £12 to £15 a tonne above expectations in the UK this harvest.

The problem is not confined to the UK but affects most of the main pig producers of Europe. A few months ago, in response to the crisis, the French government allocated special aid to its pig farmers, which [illegible] later judged [illegible] illegal under European Union law. In Germany a few days ago the average [illegible] price [illegible] similar [illegible] that in the UK at the equivalent of 97.5p a kilogram deadweight and in Holland it was even lower at 89.7p. On the reasonable assumption that pro[illegible] costs [illegible] the EU are similar, it must also [illegible] assumed that pig farmers in [illegible] countries are losing substantial amounts on [illegible] animal they produce.

However, better news may be just around [illegible] corner. At last, it [illegible], there [illegible] a reduction in the number of pigs coming [illegible] market. Losses, which [illegible] at their highest last November, led [illegible] reduction in the number of sows kept for [illegible]. The resulting cut in births, the MLC believes, [illegible] feed through [illegible] the supply [illegible] finished [illegible] and [illegible] boost prices. Indeed spot, open market prices [illegible] already strengthened a little and [illegible] could be [illegible] beginning [illegible] recovery.

[illegible] MLC forecast [illegible] months [illegible] that the AAPP [illegible] reach 100p a kilogram deadweight by August and 110p by October. [illegible] August forecast cannot now [illegible] by the end [illegible] in [illegible] of [illegible] the October prediction now seems too optimistic. Even so a rise into profit does appear to be on the cards in the relatively short term – and [illegible] it will [illegible] too. If MLC [illegible] believed, prices [illegible] hold above break-even levels through [illegible] for [illegible] least the first half of [illegible].

[illegible] knows, after [illegible] to. And I expect that, unlike most [illegible] companies, [illegible] farm will carry on farming pigs for the time being. However, an exodus of big companies that have been committed to pig rearing for many years is bound to make us wonder if we are right to do so.

MARKET REPORT

Russian shipment fears undermine nickel prices

[illegible] of increased [illegible] NICKEL shipments arriving in London [illegible] Exchange warehouses and re-deliveries [illegible] Russian metal [illegible] out earlier by Chinese operators helped undermine prices yesterday. Bearish chart patterns also played a part as the LME three months price slipped $112.50 [illegible] $5,677.50 a [illegible].

[illegible] the lower [illegible] expected $2,400-$2,450 [illegible] day [illegible] prices struggled [illegible] overcome rising LME [illegible] levels, which [illegible] normal [illegible] the slow [illegible] period.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
([illegible] from [illegible] Metal Trading)

■ ALUMINIUM, [illegible] PURITY ($ per tonne)

	Cash	3 mths
Close	1454-4.5	1483-4
Previous	1462-3	[illegible]
High/low	1454	[illegible]
AM Official	[illegible]	1479.5-80.0
Kerb [illegible]		1477-8
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ [illegible]M ALLOY ($ per [illegible])

Close	[illegible]	[illegible]
Previous	[illegible]	[illegible]
High/low	1560	1565
AM Official	1560-1	1585-90
Kerb close		1580-5
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ LEAD ($ per tonne)

Close	550-1	[illegible]
Previous	556.5-7.5	575-5.5
High/low	546/546	574/564
AM Official	545-5.5	564-4.5
Kerb close		572-3
Open int.	[illegible]	
Total daily turnover	N/A	

■ NICKEL ([illegible] per tonne)

Close	[illegible]	5675-80
Previous	[illegible]	5785-95
High/low		[illegible]
AM Official	5580-5	[illegible]675-80
Kerb close		5660-80
Open int.	N/A	
Total [illegible] turnover	N/A	

■ TIN ($ per tonne)

Close	5125-35	5200-10
Previous	517-80	5245-50
High/low		5250/5195
AM Official	5120-25	[illegible]
Kerb close		5210-20
Open int.	N/A	
Total daily turnover	[illegible]	

■ ZINC, special high grade ($ per tonne)

Close	939-40	963-3.5
Previous	943-4	967-8
High/low		964/961
AM Official	937-7.5	961-2
Kerb close		961-2
Open int.	[illegible]	
Total daily turnover	[illegible]	

■ COPPER, grade A ($ per tonne)

Close	2400-02	2411-13
Previous	2408-9	2412-3
High/low	[illegible]	[illegible]
[illegible]	2397.5-8.0	[illegible]
[illegible] close		2414-16
Open int.	N/A	
Total daily turnover	[illegible]	

■ LME AM Official £/$ rate: 1.5427
LME Closing £/$ rate: -

Spot:1.5425 [illegible] 9[illegible].5331

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	[illegible] Int	Vol
Aug	[illegible]	+0.15	[illegible]	[illegible]	302	131
[illegible]	108.60	+0.15	109.85	108.35	21,932	5,302
[illegible]	[illegible]	-	108.75	108.75	[illegible]	21
Nov	108.50	-0.15	109.10	109.10	555	-
[illegible]	[illegible]	-0.30	109.50	[illegible]	[illegible]	[illegible]
Jan	108.15	-0.40	-	-	377	[illegible]
Total					45,580	7,942

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	[illegible]-377.60	
Opening	[illegible]-377.00	
Morning fix	376.45	243.547
Afternoon fix	376.60	243.754
Day's High	377.25-377.60	
Day's Low	376.00-376.50	
[illegible]	377.25-377.75	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.02	6 months	4.60
2 months	4.11	12 months	4.91
3 months	4.19		

Silver Fix	p/troy oz.	US cts equiv.
Spot	327.05	505.00
[illegible] months	331.35	510.75
6 months	338.30	517.40
[illegible] year	348.15	[illegible]
Gold Coins	$ price	£ equiv.
Krugerrand	382-385	247-250
[illegible] Leaf	387.30-389.75	-
New [illegible]	88-91	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
[illegible]	376.9	+1.0	[illegible]	376.9	[illegible]	[illegible]
[illegible]	378.0	+1.0	-	-	23	30
Oct	[illegible]	+1.0	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	+0.9	382.5	[illegible]	[illegible]	29,508
Feb	[illegible]	+0.9	[illegible]	[illegible]	11,806	[illegible]
Apr	388.2	[illegible]	-	-	6,231	171
Total					[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
[illegible]	[illegible]	+0.9	415.0	411.5	18,464	2,048
Jan	[illegible]	+0.9	418.0	414.5	3,506	[illegible]
[illegible]	420.0	+1.2	420.0	418.5	1,832	1
Jul	[illegible]	+1.1	-	-	491	-
[illegible]	425.0	+1.1	-	-	103	-
Total					24,306	2,314

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
Sep	[illegible]	-0.50	154.00	[illegible]	3,953	[illegible]
Dec	[illegible]	-0.50	154.10	153.25	2,629	[illegible]
Mar	[illegible]	-0.50	154.50	154.00	[illegible]	5
Total					[illegible]	1,369

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open Int	Vol.
[illegible]	[illegible]	[illegible]	-	-	-	-
Sep	507.2	+0.2	509.5	504.0	69,095	16,786
Dec	514.3	+0.2	518.5	511.0	31,923	4,441
Jan	[illegible]	+0.2	-	-	24	-
Mar	[illegible]	+0.2	523.5	519.0	7,038	249
May	527.2	+0.1	[illegible]	[illegible]	[illegible]	1
Total					[illegible]	[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's [illegible]	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	+0.27	[illegible]	18.02	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	18.00	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14,008
Jan	[illegible]	+0.21	[illegible]	17.90	[illegible]	[illegible]
Feb	[illegible]	[illegible]	18.05	[illegible]	[illegible]	1,[illegible]
Total					400,572	141,[illegible]

■ CRUDE OIL IPE ([illegible])

	Latest price	Day's change	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	17.14	16.91	[illegible]	21,914
[illegible]	[illegible]	+0.22	17.12	[illegible]	[illegible]	[illegible]
Nov	16.96	[illegible]	17.06	[illegible]	[illegible]	[illegible]
Dec	[illegible]	+0.18	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	16.81	+0.21	16.85	16.70	7,447	1,112
[illegible]	16.68	+0.18	16.70	16.60	4,705	461
Total					[illegible]	[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's [illegible]	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	49.50	48.60	30,[illegible]	[illegible]
Oct	50.20	+0.71	[illegible]	49.50	21,993	[illegible]
[illegible]	[illegible]	[illegible]	51.35	[illegible]	14,421	[illegible]
[illegible]	52.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	53.00	[illegible]	53.00	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	52.90	6,664	[illegible]
Total					147,039	43,486

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	152.50	[illegible]	[illegible]	5,512
[illegible]	[illegible]	-1.25	[illegible]	[illegible]	20,121	[illegible]
Nov	[illegible]	-1.00	[illegible]	[illegible]	[illegible]	[illegible]
Dec	158.50	[illegible]	160.25	[illegible]	[illegible]	615
Jan	[illegible]	[illegible]	[illegible]	160.25	[illegible]	[illegible]
Feb	[illegible]	[illegible]	-	-	[illegible]	-
Total					[illegible]	11,[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	1.745	1.710	[illegible]	9,309
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	2.200	-	2.200	[illegible]	[illegible]	909
Feb	[illegible]	-0.002	[illegible]	[illegible]	[illegible]	517
Total					137,715	18,041

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's [illegible]	High	Low	Open Int	Vol
[illegible]	[illegible]	+0.43	[illegible]	55.00	32,988	25,410
[illegible]	[illegible]	[illegible]	[illegible]	52.35	[illegible]	9,317
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	56.40	[illegible]	56.60	[illegible]	[illegible]	1,123
Jan	[illegible]	+0.28	[illegible]	[illegible]	[illegible]	521
Feb	54.20	+0.20	54.20	[illegible]	[illegible]	374
Total					[illegible]	[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	106.30	[illegible]	[illegible]	105.15	385	2
[illegible]	[illegible]	[illegible]	106.15	106.60	2,293	[illegible]
Jan	[illegible]	+0.20	106.10	[illegible]	1,853	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	744	30
May	[illegible]	+0.15	-	-	1,018	-
Jul	113.50	-	-	-	146	-
Total					[illegible]	72

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	348/4	+4/6	347/0	340/0	14,094	3,151
Dec	362/0	+5/4	363/4	354/8	38,154	10,803
[illegible]	369/2	+5/4	370/0	362/2	10,229	1,786
[illegible]	361/0	+5/2	362/0	355/4	[illegible]	113
Jul	341/0	+1/4	241/0	[illegible]	1,270	[illegible]
Dec	362/0	+2/0	-	-	2	-
Total					[illegible]	[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	[illegible]	-	[illegible]	216/2	24,947	5,988
Dec	220/0	-0/6	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	-0/6	229/2	227/6	28,172	2,980
May	[illegible]	-1/0	235/4	234/4	10,943	409
Jul	240/0	-1/0	240/0	238/6	8,605	1,176
Sep	241/2	-1/0	241/4	[illegible]	717	[illegible]
Total					[illegible]	25,253

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	104.35	+0.10	[illegible]	[illegible]	145	7
Nov	105.50	[illegible]	105.50	[illegible]	470	15
Jan	[illegible]	[illegible]	[illegible]	108.60	253	[illegible]
Mar	[illegible]	-	-	-	27	-
May	[illegible]	-	-	-	1	-
Total					[illegible]	78

■ [illegible] CBT ([illegible] min; cents/[illegible])

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	579/2	-0/4	584/0	579/0	4,881	1,108
[illegible]	565/6	-5/0	569/0	564/4	14,118	2,029
Nov	557/0	-4/0	559/4	555/0	74,439	17,894
Jan	568/6	[illegible]	580/0	563/6	12,626	1,891
Mar	[illegible]	[illegible]	577/0	573/0	4,494	581
May	[illegible]	[illegible]	583/0	580/4	3,165	132
Total					122,448	24,757

■ [illegible] OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	24.04	-0.39	24.37	24.03	2,148	932
[illegible]	24.01	-0.42	24.25	23.95	20,471	3,054
[illegible]	23.91	-0.40	24.11	23.85	15,918	2,248
[illegible]	[illegible]	-0.38	24.00	23.75	34,920	8,638
[illegible]	[illegible]	-0.38	23.95	23.78	4,658	250
May	[illegible]	-0.38	23.95	23.80	5,188	314
Total					[illegible]	14,[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	172.8	-0.1	173.0	171.7	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	170.7	[illegible]	[illegible]	169.6	[illegible]	[illegible]
[illegible]	171.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	171.1	[illegible]	157
Mar	[illegible]	-	[illegible]	[illegible]	5,442	166
Total					[illegible]	[illegible]

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	[illegible]	-	-	-	-	-
Mar	[illegible]	-	-	-	-	-
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	170
May	[illegible]	[illegible]	-	-	-	-
Jun	[illegible]	-	-	-	-	-
Total					[illegible]	170

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	1498	-7	1495	1485	616	11
Sep	1444	-10	[illegible]	1444	613	[illegible]
Oct	[illegible]	-14	1458	1448	[illegible]	27
Jan	1485	-8	1495	1485	1382	4
Apr	1485	-10	149[illegible]	1485	112	5
Jul	1321	-21	-	-	[illegible]	-
Total					[illegible]	[illegible]

	Close	Prev
BFI	1501	1499

Tea
The Tea Broker's Association reports, good general demand. Bright liquoring East Africans were well supported at fully firm to dearer rates. Mediums were irregular but generally 2 - 3 pence easier. Ceylons met keen competition at dearer rates, often substantially for improved quality sorts. Kenyas were firm but Ugandas were selective. Quotations: best available 170p/kg, nom; good 160p/kg, good medium 140p/kg, medium 120p/kg, low medium 84p/kg. The highest price realised this week was 171p for a Kenya pf.1.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	1045	-18	[illegible]	1044	14,844	[illegible]
Dec	[illegible]	-23	1081	1063	[illegible]	1,441
Mar	1091	-17	1102	1088	31,167	[illegible]
May	1097	-28	1110	[illegible]	11,119	251
[illegible]	1105	-29	-	-	4,348	-
[illegible]	1116	-17	-	-	8,649	-
Total					105,199	2,[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	1406	-16	1418	1399	13,479	4,898
Dec	1457	[illegible]	1470	1452	32,537	8,339
Mar	[illegible]	-8	1500	1488	10,621	3,023
May	1511	-8	1518	1509	3,073	16
Jul	1531	-8	1533	1533	2,397	2
Sep	1551	-8	-	-	[illegible]	-
Total					[illegible]	[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible] 12	Price	Prev. day
[illegible]	1030.87	[illegible]

■ COFFEE LCE ([illegible])

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]	[illegible]	[illegible]	3630	3400	[illegible]	[illegible]
[illegible]	3430	[illegible]	[illegible]	3400	10,202	2,959
Jan	3380	+135	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	3372	3340	[illegible]	1,127
May	[illegible]	[illegible]	[illegible]	[illegible]	1,139	46
Jul	2840	[illegible]	-	-	28	-
Total					[illegible]	[illegible]

■ COFFEE "C" [illegible] cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	194.00	+12.90	195.25	186.00	8,759	2,549
Dec	198.45	+13.80	199.50	193.00	16,527	3,694
Mar	193.65	+6.00	193.65	193.65	5,404	575
May	194.90	+6.00	-	-	1,916	141
Jul	194.75	+6.00	-	-	425	30
Sep	195.25	+6.00	-	-	120	46
Total					33,002	6,[illegible]

■ COFFEE (ICO) (US cents/pound)

Aug 12	Price	Prev. day
Comp. daily	178.65	169.72
15 day average	181.77	183.39

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	12.95	-0.18	-	-	1,801	-
Jan	11.82	-	-	-	-	-
Mar	11.87	-0.16	-	-	[illegible]	-
Total					1,891	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	316.50	-1.50	-	-	[illegible]	631
Dec	313.20	-2.10	-	-	[illegible]	[illegible]
Mar	[illegible]	-2.00	-	-	[illegible]	[illegible]
May	313.00	-2.20	-	-	415	6
[illegible]	314.50	[illegible]	-	-	391	4
[illegible]	301.00	[illegible]	-	-	185	-
Total					[illegible]	1,[illegible]

■ SUGAR "11" CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	11.81	-0.09	11.87	[illegible]	[illegible]	[illegible]
Mar	11.76	-0.11	11.83	11.65	38,930	1,216
May	11.70	-0.12	11.77	11.60	9,352	462
Jul	11.68	-0.14	11.71	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	67.27	-2.00	67.50	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total					[illegible]	[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Aug 15	Aug 12	month ago	year ago
[illegible]	2073.1	2180.7	[illegible]

■ CRB Futures (Base: 1967=100)

Aug 12	[illegible]	month ago	year ago
[illegible]	[illegible]	233.50	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME [illegible] cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	70.000	-0.925	71.100	69.900	[illegible]	[illegible]
[illegible]	[illegible]	-0.950	73.375	[illegible]	31,696	3,152
Dec	70.225	-1.100	71.425	[illegible]	[illegible]	[illegible]
Feb	69.475	-0.700	70.425	69.450	9,780	315
[illegible]	70.875	-0.850	71.725	70.750	6,019	386
Jun	67.750	-0.850	68.700	67.750	1,422	50
Total					[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	45.400	-0.200	45.800	44.925	1,620	600
Oct	40.325	-0.850	41.000	40.250	11,884	2,493
Dec	40.325	-0.475	40.875	40.250	6,845	1,284
Feb	[illegible]	-0.300	[illegible]	40.900	[illegible]	[illegible]
[illegible]	39.725	-0.075	39.950	39.675	[illegible]	132
Jun	44.575	-0.125	[illegible]	44.450	475	26
Total					[illegible]	[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Aug	[illegible].775	-0.950	32.550	[illegible]	578	[illegible]
Feb	46.125	[illegible]	46.050	[illegible]	6,703	[illegible]
[illegible]	44.850	-0.925	45.950	44.750	408	43
May	45.250	-0.850	46.100	45.100	[illegible]	1
Jul	46.275	-0.675	46.350	46.000	[illegible]	14
Aug	45.450	-1.100	45.450	45.450	14	2
Total					[illegible]	1,116

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	[illegible]	[illegible]	[illegible]	[illegible]
1425	N/A	-	-	-
1450	N/A	-	-	-
1475	N/A	-	-	-
■ COPPER (Grade A) LME	Sep	Dec	[illegible]	[illegible]
2350	N/A	-	-	-
2400	N/A	-	-	-
2450	N/A	-	-	-
■ COFFEE LCE	Sep	Nov	Sep	[illegible]
3250	248	405	5	225
3300	203	379	10	240
3350	161	368	18	[illegible]
■ COCOA LCE	Sep	Dec	Sep	[illegible]
1000	46	108	1	43
1050	10	81	15	66
1100	1	59	56	[illegible]
■ BRENT CRUDE IPE	Oct	Nov	Oct	[illegible]
1700	47	-	60	-
1750	32	-	72	-
1800	20	-	-	-

LONDON SPOT MARKETS

■ [illegible] OIL FOB (per barrel/Oct)		+or-
Dubai	$15.71-5.77t	[illegible]
Brent Blend (dated)	$16.63-6.68	[illegible]
Brent Blend (Sep)	$16.90-6.96	-0.355
W.T.I. (1pm est)	[illegible]	[illegible]

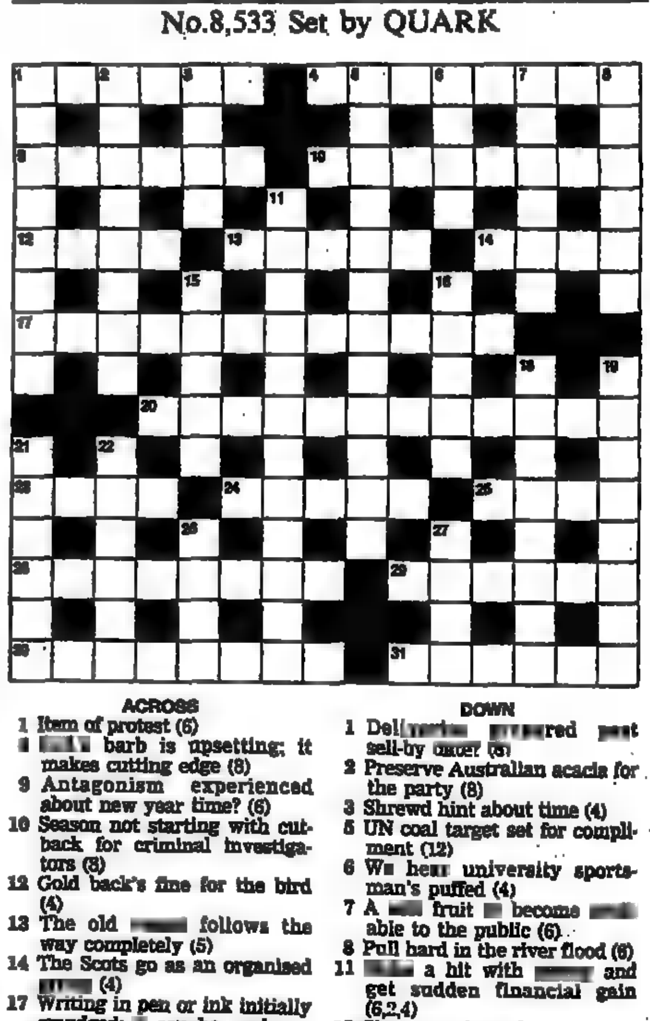
■ OIL PRODUCTS NWEprompt delivery CIF (tonne)		
Premium Gasoline	$210-211	[illegible]
Gas Oil	$152-153	-1
Heavy Fuel Oil	$85-87	-1
Naphtha	[illegible]	[illegible]
Jet fuel	$166-167	-2
Petroleum Argus assessments		

■ [illegible]		
Gold (per troy oz)♣	[illegible]	-0.15
Silver (per troy oz)♣	506.5c	[illegible]
Platinum (per troy oz.)	[illegible]	-3.25
Palladium (per troy oz.)	[illegible]	-1.00
Copper (US prod.)	[illegible]	-1.0
Lead (US prod.)	[illegible]	
Tin (Kuala Lumpur)	31.22m	-0.11
Tin (New York)	[illegible]	
Cattle (live weight)†©	121.50p	+1.91*
Sheep (live weight)†♦©	[illegible]	-0.35*
Pigs (live weight)©	74.98p	-5.64*
[illegible] sugar (raw)	$306.1	+1.8
Lon. day sugar (wte)	$345.0	+1.0
Tate & Lyle export	£311.0	+2.0
Barley (Eng. feed)	£106.0	
Maize (US No3 Yellow)	[illegible]	
Wheat (US Dark North)	[illegible]	
[illegible]	[illegible]	
Rubber (Oct)♥	[illegible]	
Rubber KL RSS No1 Aug	[illegible]	+1.0
[illegible] Oil (Phil)§	[illegible]	
Palm Oil (Malay.)§	$557.5w	-2.5
Copra (Phil)§	$397	
Soyabeans (US)	Unq.	
Cotton Outlook 'A' index	76.00c	-1.25
Wooltops (64s Super)	444p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t Oct. z Aug/Sep. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♦ Sheep (Live weight prices). * Change [illegible] week. © Prices are for previous day.

CROSSWORD

No.8,533 Set by QUARK



ACROSS
1 Item of protest (6)
4 A barb is upsetting; it makes cutting edge (8)
9 Antagonism experienced about new year time? (6)
10 Season not starting with cutback for criminal investigators (8)
12 Gold back's fine for the bird (4)
13 The old [illegible] follows the way completely (5)
14 The Scots go as an organised [illegible] (4)
17 Writing in pen or ink initially smudged; [illegible] can be made up (12)
20 Not in the way of authority? (12)
[illegible] Imminent for group? Only partly (4)
24 Nation, say? (5)
25 The writer's quiet toils [illegible]
28 Elegant woman making first appearance broadcasting (8)
29 Cry of old measure in London [illegible] (6)
30 Demolish a hut on a B road (8)
31 Bit of transport that's out of practice but reliable (6)

DOWN
1 Dell[illegible] prepared past sell-by date? (8)
2 Preserve Australian acacia for the party (8)
3 Shrewd hint about time (4)
5 UN coal target set for compliment (12)
6 W[illegible] hear university sportsman's puffed (4)
7 A [illegible] fruit [illegible] become [illegible]able to the public (6)
8 Pull hard in the river flood (6)
11 [illegible] a bit with [illegible] and get sudden financial gain (6,2,4)
15 Sieve cut short the rock frag[illegible]
16 Stupid [illegible] wearing [illegible] clothes, say? (5)
18 In addition to [illegible] crumbling (2,4,2)
19 It's at the side of [illegible] road, incidentally (2,3,3)
21 'azel [illegible] example, coming up in treeless zone (6)
22 Ice [illegible] in nature (6)
[illegible] point to check [illegible]
27 Equipment stored in large armoire [illegible]

Solution to Saturday's prize puzzle on Saturday Au[illegible] 27.
Solution to yesterday's prize puzzle on Monday Au[illegible] 29.

JOTTER PAD

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Equity prices slip back after promising start

By Steve Thompson

The final few minutes of what was a relatively subdued trading session on the London equity market [redacted] share prices succumb to bouts [redacted] the short term direc[redacted] of global interest rates.

The FT-SE 100 Index [redacted] UK [redacted] finished 0.1 off at 3,142.2, easily outperforming [redacted] FT-SE Mid 250 Index which [redacted] been dra[redacted] down towards the close of trading in the session by a late sell-off in the [redacted] tricity [redacted].

But senior [redacted] in the City were by no means dismayed at the start [redacted] what [redacted] to [redacted] a tension-filled week across global markets, with the US Federal Reserve meeting today to deliberate on US monetary policy and the Bundesbank council scheduled to meet on Thursday to formulate Germany's next moves on interest rates.

Analysts said the market would also have to contend with a long list of crucial economic statistics from the US, Japan and across Europe.

Trading in London got off to a good start, with dealers encouraged by reports in the weekend press that the Bundesbank council could well move to lower German rates on Thursday, and also by positive commentaries on the better than expected interim profits, and dividend performances of many leading UK stocks, such as Barclays and Royal Insurance.

Aiding the initial improvement in equity prices was a solid showing by international bonds, which took heart from a firm performance by US markets last Friday.

The closure of many European bourses and financial centres for the Assumption Day holiday had only a minimal impact on trading, dealers said.

The FT-SE 100 reached the day's best level, 3,156.5, within an hour of the opening, with talk of at least two medium-sized and a number of small programmes weighted to the buy side said to have been partly responsible for the early strength in share prices.

No real selling pressure was evident over the lunchtime and early afternoon period but sentiment began to falter in mid-afternoon as most international bond markets, especially in the US and Germany, began to tick off, taking UK gilts with them.

Yesterday's US economic news on industrial production, manufacturing output and capacity utilisation gave no real lead to the markets. Today will bring data of US housing starts.

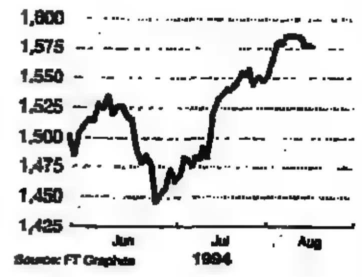
Turnover in London reached 463.1m shares, a figure regarded as creditable by dealers, who pointed out that many institutions were reluctant to take new positions ahead of the US and German decisions on interest rate policy. Activity in non-FT-SE 100 stocks accounted for 277.8m, or just short of 60 per cent of total business.

The head of trading at one of London's leading integrated securities houses said the market had already factored in a rise in the US Fed Funds rate of at least 25 basis points, with a 50 basis-point increase also a possibility. But he emphasised that any rise could well be delayed, possibly to the end of the week. He added that the chances of a German rate cut were "much less than evens".

Bank shares attracted plenty of keen interest, with HSBC shares slipping back [redacted] the market pondered the lack of [redacted] in [redacted] underlying banking profits as opposed to sharply reduced provisions against bad debts.

National Westminster Bank shares, which have suffered badly recently as institutions switched into other banks, were among the FT-SE [redacted] performers, [redacted] were the international drug stocks, such as Glaxo and Wellcome. The regional electricity issues came in [redacted] sharp [redacted] of profit-taking, [redacted] some [redacted] said to [redacted] allocations to some of the [redacted] high-yielding [redacted] of [redacted] market, such as banks.

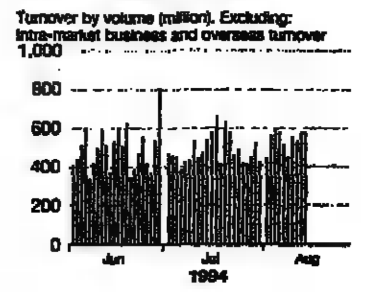
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE 100	3142.2	-0.1	FT Ordinary Index	2474.8	+5.6
FT-SE Mid 250	3719.2	-9.6	FT-SE-A Non Fins p/e	19.90	(19.89)
FT-SE-A 350	1588.7	-1.0	FT-SE 100 Fut Sep	3152.0	-7.0
FT-SE-A All-Share	1576.94	-0.84	10 yr Gilt yield	8.76	(8.75)
FT-SE-A All-Share yield	3.79	(3.78)	Long gilt/equity yld ratio:	2.33	(2.33)

Best performing sectors		Worst performing sectors	
1 Breweries	+1.0	1 Gas Distribution	-1.3
2 Health Care	+0.7	2 Tobacco	-1.1
3 Electronic & Elec Eqpt	+0.6	3 Insurance	-0.9
4 Pharmaceuticals	+0.6	4 Property	-0.8
5 Household Goods	+0.5	5 Other Services & Bsns	-0.7

Dealing profits hit HSBC

The sharp fall in dealing profits [redacted] international bank[redacted] HSBC [redacted] the mar[redacted] by surprise, sending [redacted] shares tumbling, after it reported favourable interim figures.

[redacted] profits up [redacted] cent [redacted] £1.46bn were [redacted] than anticipated, but it was the fall in profits from treasury and capital market operations at subsidiaries Midland Bank and HongKong and Shanghai Banking that raised most concern. Analysts were also disappointed by the sharp rise in the tax charge.

The shares fell back sharply and were down 20 at the day's worst before recovering to close 10 off at 749p, as sentiment shifted its focus to the lower than expected bad debt provisions. Volume stood at 6.9m shares at the close.

Several brokers said they would be upgrading full-year profit expectations. That list includes Mr Simon Samuels at Smith New Court who indicated that his current forecast of £2.8bn will be raised to around £3.1bn.

However, he remains cautious on the stock and said: "The concerns raised by the poor quality of earnings in 1993 [redacted] further highlighted by [redacted] figures. I [redacted] fully priced [redacted] levels. Hong Kong [redacted] concerned [redacted] significantly higher [redacted] charge."

Calor slips

Calor, the bottled gas producer, was a poor performer among the energy stocks following a press report [redacted] ing that Calor had been losing [redacted] of intense competition [redacted] price-cutting in the bottled gas market.

The stock opened sharply lower at 275p, but then embarked on a sustained rally which left it a net 8 off at 282p. The story led to a big increase in turnover in Calor shares. Some 470,000 changed hands, compared with usual volume levels of well below 100,000 per day.

The rally was helped by soothing comments from the company, which insisted that it had maintained market share at around 50 per cent but conceded that there had been pressure on profit margins.

Calor shares have fallen steeply since the start of the year, from 361p in late January to [redacted] 1994 low point of 261p in June.

Speculators were active in the drugs sector again, inspiring some chunky volumes and firm movement in selected shares. Wellcome was said to be attracting particular interest, speeding forward 13 to 692p on turnover of 2.2m.

The sector has been buzzing since last month's $8.5bn bid from US drugs group American Home Products for American Cyanamid – the sector's first unsolicited takeover attempt since Roche launched an attack on Sterling six years ago. One leading US broker, Wertheim Schroder, recently put a 900p a share bid value on Wellcome, among a forecast of $40bn worth of merger and takeover activity over the next 18 months.

Takeover chatter also swirled around Reckitt & Colman, spurred on by weekend press speculation that the household goods group was indeed a frontrunner for the corresponding business owned by Eastman Kodak.

Analysts believe the move would make good strategic sense, although fears of a rights issue to fund the mooted $1bn price tag saw the shares come off in early trading. However, they later rallied to close 4 up at 635p.

Brewers were firm as the sector's recent strength was compounded by rumours that the government was at last listening to the industry's big bug-bear – the rate of excise duty.

However, analysts [redacted] wholly sceptical that [redacted] government would consider a cut in duty, particularly given the political sensitivity of increasing VAT on fuel bills this [redacted] This failed [redacted] dampen investor [redacted] from some quarters, with Scottish and Newcastle advancing 5 to 532p, Whitbread 8½ to 580½p, Bass 6 to 574p and Greenalls [redacted] to 439p.

Granada was the subject of a big bought deal, with [redacted] Warburg said to have been the engineer. According to dealers, the broker took 5m shares on at 507p and was selling them on at 510p. Turnover by the close had reached 10m, suggesting that given the daily average trade in Granada is around the million mark, not all the shares had got away. The price dropped 8 to 513p.

Shares in the regional electricity companies (Recs) ran into profit-taking and fell into retreat. Eastern was the exception with talk in the market of another big buyer around. Last week, a US fund was thought to have been behind the purchase of a 2.9 per cent stake. The shares climbed 3 to 766p.

Dealers pointed out that, given their sparkling run since the Offer document last week, the Recs had lost some of their attraction for income funds and that some sideways trading was likely until some more corporate activity - such as share buy-backs, or takeovers – excited investor interest.

Marginally firmer crude oil prices, coupled with evidence of keen buying from the US, helped the oil majors move [redacted]

Shell Transport, which disappointed the market [redacted] in announcing results [redacted] little below expectations, [redacted] before [redacted] net 4 [redacted] while British Petroleum appre[redacted]

Among publishing stocks, Telegraph shares were firm following publication on Friday after the market had closed of official figures showing its UK newspaper's daily circulation [redacted] sharply. The [redacted] advanced 5 to 350p.

A sparkling debut from Pillar Property Investments, coming in the face of a weak property market, saw the shares go to a 7p premium to 157p by the close of trading. Turnover reached 8.6m.

Catalogue retailer Argos receded 7 to 367p after unveiling mildly disappointing interim results. [redacted] in line [redacted] forecasts, [redacted] per [redacted] up [redacted] £15.3m. Analysts [redacted] pruning full-year expectations by around £2m to [redacted] £93m.

National Westminster [redacted] 12 [redacted] 462p, after [redacted] lysts [redacted] Turnbull [redacted] switch [redacted] and out [redacted] Bar[redacted] which [redacted] to 544p.

Reports suggesting that August car sales would fall below expectations hurt dealer Cowie Group, leaving the shares 8 lower at 252p.

The building and construction sector eased slightly after a press report published yesterday suggested that the price of land for residential building in England rose 35.3 per cent in the year to June.

Analysts feared that the rise would hit future profit margins in the sector as Taylor Woodrow and Beazer Homes both retreated 4¼ to 134p and 150p respectively.

MARKET REPORTERS:
Steve Thompson,
Christopher Price,
Joel Kibazo, Saqib Qureshi.

■ Other statistics, Page 18

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (47). [redacted] & CNSTRN (1) Brandon Hire, [redacted] (3) Amber [redacted] Hoechst, [redacted] (1) Brammer, Wyko, ELECTRICITY (3) East Midlands, Eastern, Midlands, South Western, Southern, ELECTRNC & ELECT EQUP (7) Alba, Dewhurst A, Emess, Philips, Pifco, Do A, Scholes, ENGINEERING (2) Castings, Thyssen, ENG, VEHICLES (2) Airflow [redacted] Trinity, EXTRACTIVE INDS (2) Coal Invs., Do Wrts., HEALTH CARE (1) Saon, [redacted] GOODS (1) [redacted] (1) Lombard, INVESTMENT TRUSTS (3) LEISURE & HOTELS (2) Chrysalis, London Clubs, MEDIA (1) Aegis, OIL EXPLORATION & PROD (1) Bow Valley, OTHER FINANCIAL (1) Exco, TEXTILES & APPAREL (3) Sullen, Wassum, TRANSPORT (3) Applied Distribution, GRT Bus, P&O Shpc. Ptd., WATER (1) South Staffs, SOUTH AFRICANS (1) SASOL.

NEW LOWS (27). OTHER FIXED [redacted] (1) United Mex. States 16½pc Ln. 2008, BANKS (2) Bank of Scotland 9¼pc Prf., Do 9¾pc Prf., BUILDING & CNSTRN (2) Crest Nichol 5¾pc Prf., Eve, BLDG MATLS & MCHTS (1) Atrium, CHEMICALS (1) Cementone Wrts., DISTRIBUTORS (1) Lex Service, ENGINEERING (1) Fenum, INVESTMENT TRUSTS (2) MEDIA (1) Storm, OIL EXPLORATION & PROD (1) Aviva, OIL, INTEGRATED (1) Chevron, OTHER FINANCIAL (2) Secure Trust, Towry Law, PHARMACEUTICALS (1) Huntingdon Intl., PRTNG, PAPER & PACKG (1) Crest Packaging, PROPERTY (2) Barlows, Southend Prop. 8pc Cnv. 2020, RETAILERS, FOOD (1) Brake Bros., SUPPORT SERVS (3) Dudley Jenkins, JBA, OIS Intl. Inspection, TEXTILES & APPAREL (1) Allied, AMERICANS (1) Eaton, CANADIANS (1) TVX Gold Income.

EQUITY FUTURES AND OPTIONS TRADING

The derivatives sector recorded one of its least active days this year as attention shifted to the possible outcome of today's Federal Open Markets Committee meeting in the US, writes Joel [redacted]

In futures, the September contract on the FT-SE 100 opened at 3,158. However, with many of the European markets enjoying an extended weekend, and no economic data on which to focus, trading was dull and carried out in very thin trading.

A sharp mark-up said to have been led by independent traders (locals) saw September advance to 3,174, the peak of the session, before running [redacted] of steam on the back of [redacted] retreat in UK gilts.

US industrial production data released in the second half of the session was in line with expectations and did little to encourage trading in September. After falling to a low of 3,144, the contract settled at 3,152, down 7 from its previous close and at a 10-point premium to cash. Volume was a paltry 5,786 lots.

It was also a poor day in the traded options, a mere 21,265 contracts being traded, against Friday's 36,099. Among the index options, volume in the FT-SE 100 option fell back to 6,246 contracts, and the Euro FT-SE option saw business of 1,224 lots. Sears was the busiest stock option with a total of 2,000 trades dealt.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3158.0	3152.0	[illegible]	[illegible]	3144.0	[illegible]	57484
Dec	[illegible]	[illegible]	-7.0	3177.0	3172.0	11	4114
Mar	–	–	-7.0	–	–	0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3142) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	3,700	68	+1½
Abbey National†	1,000	392	-1½
Albert Fisher	113	57	

LONDON EQUITIES

LIFFE EQUITY OPTIONS

FT GOLD MINES INDEX

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	18	35	17
Other Fixed Interest	1	[illegible]	[illegible]
Mineral Extraction	74	38	90
General Manufacturers	142	97	[illegible]
Consumer Goods	60	18	[illegible]
Services	91	75	340
Utilities	13	21	11
Financials	115	54	[illegible]
Investment Trusts	133	22	312
Others	62	23	45
Totals	709	390	[illegible]

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	August 8	Expiry	November [illegible]
Last Dealings	August 19	[illegible]	[illegible] 24

Calls: Bullers, Eclipse Blinds, Owners Abroad, Pillars Props., Tullow Oil. Put: Bullers Put & Call: Tullow Oil.

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price p	+or-
8	Nil	[illegible]	1½pm	1¼pm	BCE	1¼pm	
85	Nil	14/9	12pm	7pm	CRT	[illegible]	-1
–	Nil	–	6pm	4pm	Freeport	5pm	
[illegible]	Nil	22/9	4pm	2pm	[illegible]	2pm	
60	Nil	22/8	11pm	3pm	P & P	7pm	
24	Nil	[illegible]	2½pm	[illegible]	[illegible]	2pm	-½
1¼	Nil	–	¼pm	¼pm	Surrey Group	[illegible]	
180	Nil	12/9	23pm	18pm	Waddington (J)	18pm	

FINANCIAL TIMES EQUITY INDICES

	Aug [illegible]	Aug 12	Aug 11	Aug [illegible]	Aug 9	Yr ago	*High	*Low
Ordinary Share	2474.8	2469.2	2480.5	2478.2	2474.1	2347.8	2713.6	2240.6
Ord. div. yield	[illegible]	[illegible]	4.11	[illegible]	[illegible]	3.94	4.46	3.43
Earn. yld. % full	5.71	5.55	5.57	5.52	[illegible]	[illegible]	5.95	3.82
P/E ratio net	18.74	[illegible]	19.12	[illegible]	[illegible]	26.93	33.43	[illegible]
P/E ratio nil	19.35	19.93	[illegible]	20.07	20.03	[illegible]	30.80	[illegible]

*For 1994. Ordinary Share index since compilation: high [redacted] 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2476.3	2482.8	2479.3	2477.5	2479.1	2479.2	2478.6	2472.2	2474.9	2483.0	2472.2

	Aug 15	Aug 12	Aug 11	Aug 10	Aug 9	Yr ago
SEAQ [illegible]	26,665	[illegible]	29,000	26,170	27,840	37,573
[illegible]	–	1393.2	1530.5	1358.4	[illegible]	1120.4
Equity bargains†	–	[illegible]	[illegible]	[illegible]	[illegible]	43,281
Shares traded (ml)†	–	588.0	[illegible]	540.2	556.4	564.8

†Excluding [redacted] business and overseas [redacted]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22¼	-⅛	£25⅛	£20¹¹⁄₁₆	6,654	5.1	♦
ANZ A$		198	+3	278¾	179¾	2,635	4.9	29.4
Abbey National	†N☐	392xd	-1¼	523	381	5,143	5.0	13.2
Allied Irish I£	♣†N☐	242xd	-½	314	234	1,584	5.2	9.3
Anglo Irish I£	M☐	57	—	*70	50	186.2	7.5	10.4
Asahi Y		769½	-11¼	818¾	628	17,859	0.6	♦
Banco Bil Viz Pta		£15⅝	+⅛	£18⅞	£14½	3,682	5.4	6.9
Banco Sant Pta		£26⅞	—	*£30½	£23¾	3,963	5.5	9.1
Bk Ireland I£	♣☐	266	-1	*319	246	1,257	4.9	7.7
Bank Scotland	♣N☐	185	—	247	172½	2,158	3.4	15.1
9¼pc Pf		114	—	141½	113¾	114.0	10.1	-
9¾pc Pf		119¼	—	149½	[illegible]	119.2	10.2	-
Barclays	♦†N☐	544xd	+5	640	[illegible]	8,850	3.8	16.8
Dai Ichi Kan Y		£12¼	+⅛	£12¹¹⁄₁₆	£10⅞	38,238	0.4	-
Deutsche DM		£289¹¹⁄₁₆	-4⅛	£344¼	£270⅝	13,797	2.4	-
Espirito Santo		£9¹⁵⁄₁₆	+⅛	*£13⅜	£9⅛	213.2	3.9	4.9
First Nat Fin	N☐	69xd	—	*90	60	111.4	2.8	-
6.3pc Cv Pf		77	—	*90	77	5.18	10.2	-
7pc Cv Pf		125½	—	171	123	39.8	7.0	-
Fuji Bank Y		1609½	+11½	1549¼	1152½	43,955	0.4	♦
HSBC HK	†N☐	763	-9	1133	690	13,952	4.1	10.9
HSBC (75p Shs)	†N☐	749	-10	1113	680	6,366	4.1	10.7
Lloyds	†N☐	535xd	-6	680	[illegible]	6,974	5.3	10.6
Mitsu[illegible] Y		£16½	+⅛	£18⅝	[illegible]	48,790	0.3	♦
Mits T[illegible] Bk Y		993	+6½	1162¼	687½	11,778	0.5	15.3
Mitsui Tst & Bk Y		782½	—	879	514	9,375	0.7	25.9
Nat Aust A$	†	532	+4	620¼	489¾	7,121	5.3	11.0
NatWest	†N☐	462xd	+12	622	421	7,887	5.2	8.6
Ottomane FFr		£22	—	£33	£22	110.0	6.6	♦
Ryl Bk Scotland	♣†N☐	392	-3	528	377½	3,138	3.8	17.7
Sakura Y		£9⅞	+⅛	£9⅞	£8⅛	30,226	0.6	55.3
Sanwa Y		£13¹¹⁄₁₆	-⅛	£15⅛	£11⅞	40,915	0.4	-
Standard Chartd	†N☐	250	+3	*359¼	223	2,402	3.2	10.9
7 3/8pc Prf		90	—	108½	88¼	90.0	10.2	-
Sumitomo Y		£12¹³⁄₁₆	-⅛	£16¼	£11½	40,621	0.4	27.0
Sumitomo Tst Y		918¼	—	1148½	625	11,422	0.6	♦
TSB	†N☐	207xd	—	281	187	3,168	4.9	10.4
Tokai Y		£8⅞	+⅛	£9	£5⅝	17,403	0.7	62.8
Toyo Tst & Bk Y		814¼	+6½	882	588¼	6,404	0.6	70.7
Westpac A$		216	+2	280	194	3,932	2.5	♦
Yasuda Tst Bk Y	†	585¼	-8½	696	442	8,458	0.9	50.8

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		[illegible]	—	[illegible]	[illegible]	1,790	2.7	19.7
Barlow	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.7	–
Gold Flds Prop R		111	–1	113	75	11.5	[illegible]	Φ
HK Props	[illegible]	85	—	[illegible]	55	3.42	10.6	34.9
SASOL		[illegible]	+44	[illegible]	[illegible]	2,[illegible]	3.2	–
SA Brews		[illegible]	—	[illegible]	270	3,[illegible]	2.2	20.4
Tiger Oats	†	[illegible]	—	[illegible]	539	[illegible]	2.5	13.1
Tongaat-Hulett		[illegible]	–18	[illegible]	427½	503.5	2.3	18.5

GUIDE TO LONDON SHARE SERVICE

Prices for the London [illegible] delivered by Extel Financial, a Member of the Financial [illegible] Group.

Company classifications [illegible] those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status [illegible] in the notes column daily as a guide to yields and P/E ratios. Dividends [illegible] Dividend covers are published on Monday.

Market capi[illegible] shown is calculated [illegible] for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and [illegible] for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current closing share [illegible] NAV basis assumes prior charges at par value, convertibles [illegible] and warrants exercised if dilution occurs.

- □ Indicates the most actively tra[illegible] stocks. This includes UK stocks where transactions and prices [illegible] published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for [illegible] issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Φ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates [illegible] 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on [illegible] 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital [illegible]

This service is available to companies [illegible] shares are regularly traded in the United Kingdom for a fee [illegible] year for each security shown, subject to the Editor's [illegible]

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT1343. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be se[illegible] the next working day, subject to availab[illegible]

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

■ FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on [illegible] of units. Used to defray marketing and administrative costs, incl[illegible] commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd - Contd

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

CAF – Charity Money Management

CBI Unit Trust Managers Ltd

INSURANCES

Abbey National Life Plc

AEGON Life Assurance Co (UK) Ltd

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Mutual Assurance plc - Contd.

Scottish Provident Group

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

Century Life International Ltd

Eagle Star Intl Life

MANAGEMENT SERVICES

Capital Trust Financial Management

Chase de Vere PLC

DBS Financial Management Ltd

Fairmount Financial Services Ltd

Foster & Braithwaite Ltd

Lazard Freres Asset Management (CI) Ltd

Lazard Fund Mngrs (Channel Is) Ltd

Lloyds Intl Money Market Fund Ltd

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Market waits on Fed

Foreign exchanges yesterday traded in a fairly narrow range ahead of today's meeting of the Federal Open Market Committee which will decide on US interest rate policy, *writes Philip Gawith.*

Traders were reluctant to take positions with both the FOMC meeting, and the Bundesbank council meeting on Thursday, holding out the possibility of rate changes.

Most European markets were closed for the Assumption day holiday, and this put a dampener on activity.

The dollar closed in London at DM1.5533 from DM1.5557 on Friday, and at Y100.265 from Y99.99.

In Europe the D-Mark retained its recent strength, although the Italian lira and Swedish krona managed to recoup some of their losses of last week.

Sterling suffered at the hands of the stronger D-Mark and the trade weighted sterling index ended at 78.8 from 79.1.

The New Zealand dollar firmed after the ruling National Party's weekend victory held onto the closely contested Selwyn by-election seat. It closed at $0.6041 from $0.6007.

■ The market consensus has now shifted firmly towards asking not whether the Fed will tighten, but by how much. Opinion is split as to whether the Federal funds rate will be increased, from 4.25 per cent, by 25 or 50 basis points.

Whichever route the Fed takes, it is not clear that the dollar will profit. The market does not appear yet to have shaken off the bearish pyschology that attaches to the US currency. Higher rates thus seem more likely to upset the US bond market, with the dollar falling in sympathy, than to attract funds into dollar deposits, helping the currency.

The spectre of political weakness also hangs over the dollar following President Clinton's setback last week when the House blocked a key piece of domestic legislation on crime.

So far this year the dollar has failed conspicuously to profit from four previous rounds of monetary tightening. Some analysts argue that sentiment will turn when US and German short-term rates cross - the gap is currently about 60 basis points in Germany's favour.

Mr Neil MacKinnon, chief economist at Citibank in London, said that while most policy moves under Mr Alan Greenspan, chairman of the Federal Reserve, had been in 25 basis point increments, there was sufficient evidence to allow a larger move.

Although underlying CPI and PPI remain subdued, Mr Greenspan has called into question the utility of such figures as advance indicators of inflation. He told a House Committee recently that once "price indexes reveal that inflation is on the upswing, many imbalances that are costly to rectify have developed already."

He suggested that information from financial and commodity markets could serve better as a leading indicator. July industrial production and capacity utilisation figures released yesterday had little market impact.

While market consensus towards the dollar is clearly more bearish than earlier in the year, some analysts are still calling its recovery. Mr Mike Norman, publisher of the Geneva-based Economic Contrarian Update, said the dollar was oversold and he was advising his clients to buy the dollar during the current dip against European currencies. He is forecasting for the dollar to reach DM1.75 by the end of the year, and Y110-113.

■ With most continental exchanges closed, trading of European currencies was quiet following the turmoil sparked off last Thursday by rises in Swedish and Italian rates. The lira closed at L1,024 against the D-Mark, from L1,026, while the krona finished at SKr4.985 compared to SKr5.008.

Mr MacKinnon of Citibank said the weekend rapprochement between Mr Silvio Berlusconi, the prime minister, and his Northern league ally, Mr Umberto Bossi, had provided the lira with only temporary relief.

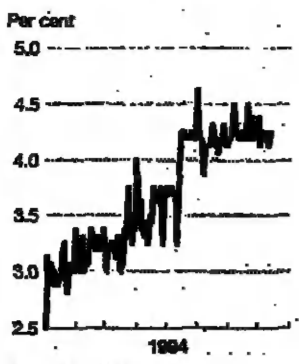
"Investors feel that the Berlusconi administration has a very limited shelf-life. They are not convinced the government intends to do anything serious to address the budget deficit," he commented. "The lira remains friendless and it would be a brave soul who regarded current levels as a buying opportunity."

■ The Bank of England provided UK money markets with £200m assistance after forecasting a similar size shortage. Overnight money traded between 4 per cent and 4¾ per cent. In the cash market rates were slightly firmer with sterling three month LIBOR trading at 5⅛ per cent.

In Germany call money was unchanged at 4.90/5 per cent ahead of Thursday's Bundesbank council meeting. There is speculation about whether official rates will be cut, and whether the central bank will set another fixed rate repo, or revert to a variable rate tender.

The interest rate futures markets were very quiet. The December short sterling contract traded under 10,000 lots to finish at 93.19 from 93.23. The euromark contract traded under 13,000 lots to close at 94.82 from 94.80.

US Federal funds rate



Source: Datastream

■ **Pound in New York**

Aug 15	Latest	Prev. close
£ spot	1.5425	1.5485
1 mth	1.5418	1.5457
3 mth	1.5422	1.5430
1 yr	1.5282	1.5317

■ **OTHER CURRENCIES**

Aug 15	£	$
Hungary	165.488 - 165.727	107.320 - 107.420
Iran	2706.00 - 2708.00	1748.00 - 1750.00
Kuwait	0.4587 - 0.4601	0.2975 - 0.2982
Poland	34875.5 - 34944.4	22620.0 - 22650.0
Russia	3246.54 - 3257.34	2105.00 - 2112.00
U.A.E.	5.6602 - 5.6717	3.6715 - 3.6725

POUND SPOT FORWARD AGAINST THE POUND

Aug 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8416	-0.0901	287 - 551	16.9133	16.8287	16.8376	0.3	16.8257	0.4	-	-	115.7
Belgium	(BFr)	49.3382	-0.2691	913 - 850	49.5960	49.2913	49.3132	0.6	49.4032	-0.5	49.1532	0.4	117.3
Denmark	(DKr)	9.5040	-0.0402	993 - 086	9.5221	9.4868	9.5085	-0.6	9.5182	-0.6	9.5711	-0.7	116.7
Finland	(FM)	7.9413	-0.0842	310 - 516	7.9850	7.9280	-	-	-	-	-	-	82.9
France	(FFr)	8.2359	-0.0201	309 - 409	8.2475	8.2108	8.2394	-0.5	8.2385	-0.1	8.2036	0.4	110.4
Germany	(DM)	2.3958	-0.0105	944 - 957	2.4045	2.3935	2.395	0.3	2.3918	0.6	2.3632	1.4	126.9
Greece	(Dr)	383.058	-1.565	323 - 792	383.783	382.323	-	-	-	-	-	-	-
Ireland	(I£)	1.0142	-0.0017	133 - 150	1.0195	1.0119	1.0143	-0.1	1.0144	-0.1	1.0148	-0.1	103.9
Italy	(L)	2452.95	-18.38	100 - 490	2458.91	2450.40	2462.5	-4.7	2479.4	-4.3	2550.55	-4.0	74.8
Luxembourg	(LFr)	49.3382	-0.2691	913 - 850	49.5960	49.2913	49.3132	0.6	49.4032	-0.5	49.1532	0.4	117.3
Netherlands	(Fl)	2.6897	-0.0131	880 - 913	2.6999	2.6880	2.689	0.3	2.6856	0.6	2.656	1.3	121.1
Norway	(NKr)	10.5384	-0.0477	334 - 433	10.5777	10.5211	10.5364	0.3	10.5458	-0.3	10.5318	0.1	86.6
Portugal	(Es)	245.997	-1.235	763 - 231	246.730	245.763	247.727	-8.4	250.907	-8.0	-	-	-
Spain	(Pta)	200.345	-0.604	203 - 487	200.567	200.093	200.91	-3.4	201.655	-2.6	203.97	-1.8	85.9
Sweden	(SKr)	11.9463	-0.0968	386 - 579	12.0441	11.9204	11.9698	-2.2	12.0203	-2.4	12.2408	-2.4	73.4
Switzerland	(SFr)	2.0117	-0.0087	105 - 129	2.0191	2.0099	2.0103	0.9	2.006	1.1	1.9731	1.9	122.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	78.8
Ecu	-	1.2605	-0.0052	598 - 612	1.2647	1.2598	1.2615	-1.0	1.2622	-0.5	1.2611	0.0	-
SDR†	-	0.941591	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5410	-0.0042	404 - 416	1.5458	1.5404	-	-	-	-	-	-	-
Brazil	(R)	1.3850	-0.0178	830 - 870	1.4072	1.3830	-	-	-	-	-	-	-
Canada	(C$)	2.1280	-0.0083	269 - 291	2.1372	2.1269	2.1284	-0.3	2.1288	-0.2	2.1379	-0.5	86.0
Mexico	(New Peso)	5.2438	-0.0094	390 - 486	5.2596	5.2390	-	-	-	-	-	-	-
USA	($)	1.5423	-0.0044	418 - 428	1.5472	1.5418	1.5416	0.5	1.5396	0.7	1.5281	0.9	63.1
Pacific/Middle East/Africa													
Australia	(A$)	2.0810	-0.0033	796 - 823	2.0872	2.0781	2.0809	0.0	2.0823	-0.2	2.1005	-0.9	-
Hong Kong	(HK$)	11.9189	-0.0342	143 - 235	11.9561	11.9143	11.915	0.4	11.9139	0.2	11.9209	0.0	-
India	(Rs)	48.3820	-0.1384	588 - 054	48.5280	48.3586	-	-	-	-	-	-	-
Japan	(Y)	154.839	-0.011	535 - 743	155.110	154.535	154.209	3.3	153.334	3.4	148.509	4.0	187.7
Malaysia	(M$)	3.9505	-0.008	485 - 527	3.9850	3.9485	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5533	-0.0215	514 - 552	2.5802	2.5514	2.5572	-1.8	2.565	-1.8	2.5872	-1.3	-
Philippines	(Peso)	40.4855	-0.1142	868 - 842	40.8855	40.0868	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7840	-0.0165	819 - 861	5.8033	5.7819	-	-	-	-	-	-	-
Singapore	(S$)	2.3234	-0.0051	223 - 245	2.3304	2.3223	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5273	-0.0225	243 - 302	5.5506	5.5243	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0175	+0.0112	998 - 352	7.0520	6.9958	-	-	-	-	-	-	-
South Korea	(Won)	1242.79	-3.5	207 - 350	1246.42	1242.07	-	-	-	-	-	-	-
Taiwan	(T$)	40.8409	-0.0773	238 - 580	40.9722	40.8238	-	-	-	-	-	-	-
Thailand	(Bt)	38.5730	-0.1185	450 - 009	38.8980	38.5450	-	-	-	-	-	-	-

†SDR rate for Aug 12. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 15		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.9200	-0.0275	150 - 250	10.9250	10.9150	10.9202	0.0	10.92	0.0	10.835	0.8	104.3
Belgium	(BFr)	31.9900	-0.084	700 - 100	32.0700	31.9540	32.015	-0.9	32.07	-1.0	32.215	-0.7	105.8
Denmark	(DKr)	6.1622	-0.0087	612 - 632	6.1632	6.1453	6.1732	-2.1	6.1934	-2.0	6.2572	-1.5	104.8
Finland	(FM)	5.1490	-0.027	440 - 540	5.1636	5.1402	5.154	-1.2	5.169	-1.6	5.249	-1.9	77.4
France	(FFr)	5.3400	+0.002	385 - 415	5.3415	5.3130	5.345	-1.1	5.352	-0.9	5.3105	0.6	108.2
Germany	(D)	1.5533	-0.0024	530 - 535	1.5580	1.5201	1.5539	-0.4	1.5541	-0.2	1.5473	0.4	107.0
Greece	(Dr)	235.400	-0.35	000 - 800	235.800	235.000	235.74	-1.7	236.5	-1.9	239.55	-1.8	69.5
Ireland	(I£)	1.5208	-0.0017	200 - 215	1.5278	1.5200	1.5191	1.3	1.5153	1.4	1.4978	1.5	-
Italy	(L)	1590.45	-6.12	970 - 120	1591.50	1524.80	1597.75	-5.5	1610.4	-5.0	1647.35	-3.6	75.8
Luxembourg	(LFr)	31.9900	-0.084	700 - 100	32.0700	31.9540	32.015	-0.9	32.07	-1.0	32.215	-0.7	105.8
Netherlands	(Fl)	1.7438	-0.0036	434 - 444	1.7459	1.7396	1.7445	-0.4	1.7432	0.2	1.7377	0.4	105.4
Norway	(NKr)	6.8329	-0.0116	319 - 338	6.8415	6.8160	6.8384	-1.0	6.8829	-1.2	6.7954	1.0	96.6
Portugal	(Es)	159.500	-0.35	400 - 600	159.600	159.300	160.585	-8.2	162.325	-7.1	168.75	-5.8	95.5
Spain	(Pta)	129.900	-0.025	850 - 950	129.950	129.580	130.325	-3.9	130.96	-3.3	133.475	-2.8	81.0
Sweden	(SKr)	7.7471	-0.0408	433 - 508	7.7896	7.7270	7.7746	-4.3	7.8196	-3.7	8.0471	-3.9	76.0
Switzerland	(SFr)	1.3044	-0.0019	040 - 047	1.3060	1.3005	1.304	0.3	1.303	0.4	1.2913	1.0	106.5
UK	(£)	1.5423	-0.0044	418 - 428	1.5472	1.5418	1.5416	0.5	1.5396	0.7	1.5281	0.9	87.7
Ecu	-	1.2236	+0.0015	233 - 238	1.2261	1.2226	1.222	1.5	1.2198	1.2	1.2343	-0.9	-
SDR†	-	1.46755	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9992	+0.0001	991 - 992	0.9992	0.9991	-	-	-	-	-	-	-
Brazil	(R)	0.8980	-0.009	970 - 990	0.9120	0.8970	-	-	-	-	-	-	-
Canada	(C$)	1.3798	-0.0015	795 - 800	1.3815	1.3795	1.3808	-0.9	1.3831	-1.0	1.4003	-1.5	82.9
Mexico	(New Peso)	3.4000	+0.0035	980 - 020	3.4020	3.3980	3.401	-0.4	3.4028	-0.3	3.4102	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3493	+0.0018	488 - 497	1.3508	1.3437	1.3498	-0.2	1.3503	-0.3	1.3578	-0.6	88.7
Hong Kong	(HK$)	7.7280	-0.0004	275 - 285	7.7290	7.7274	7.7278	0.0	7.7285	0.0	7.7435	-0.2	-
India	(Rs)	31.3700	-0.0013	650 - 750	31.3875	31.3650	31.455	-3.3	31.6	-2.9	-	-	-
Japan	(Y)	100.265	+0.275	230 - 300	100.360	100.040	100.045	2.6	99.585	2.7	97.14	3.1	140.5
Malaysia	(M$)	2.5615	+0.0053	610 - 620	2.5635	2.5670	2.5523	4.3	2.541	3.2	2.6145	-2.1	-
New Zealand	(NZ$)	1.6555	-0.0092	548 - 562	1.6565	1.6529	1.6564	-0.7	1.6583	-0.7	1.6636	-0.5	-
Philippines	(Peso)	26.2500	-	000 - 000	26.6000	26.0000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-0.0001	501 - 504	3.7504	3.7501	3.7518	-0.4	3.7557	-0.6	3.7743	-0.6	-
Singapore	(S$)	1.5065	+0.001	062 - 067	1.5069	1.5062	1.5051	1.1	1.5032	0.9	1.4965	0.7	-
S Africa (Com.)	(R)	3.5838	-0.0045	830 - 845	3.5890	3.5830	3.5993	-5.2	3.6276	-4.9	3.7043	-3.4	-
S Africa (Fin.)	(R)	4.5500	+0.02	400 - 600	4.5600	4.5350	4.5837	-8.9	4.6425	-8.1	-	-	-
South Korea	(Won)	805.800	-	600 - 000	806.000	805.400	808.8	-4.5	812.3	-3.2	830.8	-3.1	-
Taiwan	(T$)	26.4805	+0.0245	780 - 830	26.4865	26.4780	26.5005	-0.9	26.5405	-0.9	-	-	-
Thailand	(Bt)	25.0100	-0.005	000 - 200	25.0200	25.0000	25.0825	-3.5	25.21	-3.2	25.69	-2.7	-

†SDR rate for Aug 12. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 11. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 15		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.27	16.69	4.856	2.056	4971	5.451	21.36	498.5	406.0	24.20	4.077	2.027	4.314	3.126	313.4	2.554
Denmark	(DKr)	51.90	10	8.665	2.520	1.067	2580	2.829	11.08	258.7	210.8	12.56	2.116	1.052	2.239	1.622	162.7	1.326
France	(FFr)	59.90	11.54	10	2.908	1.231	2978	3.265	12.79	298.8	243.2	14.50	2.442	1.214	2.584	1.872	187.7	1.530
Germany	(DM)	20.60	3.968	3.438	1	0.423	1024	1.123	4.397	102.7	83.63	4.985	0.840	0.418	0.889	0.644	64.55	0.526
Ireland	(I£)	48.65	9.373	8.121	2.362	1	2418	2.652	10.38	242.5	197.5	11.78	1.983	0.986	2.099	1.521	152.5	1.243
Italy	(L)	2.012	0.388	0.336	0.098	0.041	100.	0.110	0.429	10.03	8.169	0.487	0.082	0.041	0.087	0.063	6.305	0.051
Netherlands	(Fl)	18.35	3.534	3.062	0.891	0.377	911.9	1	3.916	91.45	74.49	4.440	0.748	0.372	0.791	0.573	57.49	0.469
Norway	(NKr)	46.85	9.026	7.821	2.274	0.963	2329	2.554	10	233.5	190.2	11.34	1.910	0.950	2.021	1.464	146.8	1.197
Portugal	(Es)	20.06	3.865	3.349	0.974	0.412	997.2	1.094	4.282	100.	81.46	4.856	0.818	0.407	0.865	0.627	62.87	0.512
Spain	(Pta)	24.63	4.745	4.111	1.196	0.506	1224	1.342	5.257	122.8	100.	5.961	1.004	0.499	1.062	0.770	77.18	0.629
Sweden	(SKr)	41.31	7.960	6.897	2.006	0.849	2054	2.252	8.819	205.9	167.8	10	1.684	0.838	1.782	1.291	129.5	1.055
Switzerland	(SFr)	24.53	4.726	4.095	1.191	0.504	1219	1.337	5.236	122.3	99.60	5.937	1	0.497	1.058	0.767	76.88	0.627
UK	(£)	49.33	9.504	8.235	2.395	1.014	2452	2.689	10.53	245.9	200.3	11.94	2.011	1	2.128	1.542	154.6	1.260
Canada	(C$)	23.18	4.466	3.870	1.125	0.477	1152	1.264	4.948	115.6	94.13	5.611	0.945	0.470	1	0.725	72.65	0.592
US	($)	31.99	6.163	5.340	1.553	0.658	1590	1.744	6.829	159.5	129.9	7.743	1.304	0.649	1.380	1	100.3	0.817
Japan	(Y)	319.1	61.47	53.27	15.49	6.559	15860	17.39	68.11	1591	1296	77.23	13.01	6.468	13.76	9.974	1000.	8.150
Ecu		39.15	7.543	6.536	1.901	0.805	1946	2.134	8.357	195.2	159.0	9.476	1.596	0.794	1.689	1.224	122.7	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6440	0.6450	+0.0013	0.6454	0.6434	50,315	100,544
Dec	0.6445	0.6450	+0.0011	0.6457	0.6439	600	5,503
Mar	-	0.6448	-	-	-	12	1,569

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7674	0.7683	+0.0012	0.7686	0.7662	21,148	44,287
Dec	0.7682	0.7698	+0.0007	0.7698	0.7680	412	1,737
Mar	0.7700	0.7715	-	0.7715	0.7700	10	39

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.0019	1.0000	+0.0001	1.0022	0.9990	22,564	65,106
Dec	1.0060	1.0070	-	1.0070	1.0060	1,601	6,846
Mar	-	1.0148	-	-	-	10	1,125

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5440	1.5446	-0.0010	1.5456	1.5418	8,008	33,822
Dec	1.5400	1.5420	-0.0030	1.5420	1.5390	105	856
Mar	-	1.5360	-	-	1.5360	2	154

EMS EUROPEAN CURRENCY UNIT RATES

Aug 15	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14323	-0.00042	-2.43	5.90	-
Belgium	40.2123	39.3532	-0.0356	-2.14	5.58	16
Germany	1.94964	1.90832	-0.00009	-2.12	5.58	-
Ireland	0.808628	0.807835	+0.002775	-0.10	3.43	1
France	6.53883	6.55109	-0.00109	0.19	3.13	-2
Portugal	192.854	196.115	+0.084	1.69	1.61	-11
Denmark	7.43679	7.56963	-0.005	1.79	1.51	-12
Spain	154.250	159.379	-0.108	3.33	0.00	-23
NON ERM MEMBERS						
Greece	264.513	289.958	+0.831	9.62	-5.74	-
Italy	1793.19	1956.30	-3.35	9.10	-5.29	-
UK	0.786749	0.798471	+0.001971	1.24	2.06	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Sep	Calls Oct	Calls Nov	Puts Sep	Puts Oct	Puts Nov
1.450	9.20	9.20	9.25	-	0.05	0.20
1.475	6.81	6.95	7.10	0.01	0.23	0.50
1.500	4.51	4.85	5.16	0.20	0.61	1.03
1.525	2.56	3.08	3.51	0.88	1.32	1.85
1.550	1.17	1.79	2.27	1.75	2.48	2.98
1.575	0.41	0.93	1.36	3.46	4.02	4.54

Previous day's vol., Calls 15,452 Puts 6,138 . Prev. day's open int., Calls 600,770 Puts 470,584

WORLD INTEREST RATES

MONEY RATES

August 15	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	5¼	6	6¼	6½	7.40	4.50	-
week ago	5	5¼	5¾	5¾	6⅛	7.40	4.50	-
France	5⅛	5¾	5⅞	6	6¾	5.00	-	6.75
week ago	5⅛	5¾	5½	5¾	6	5.00	-	6.75
Germany	4.93	5.00	5.00	5.05	5.25	6.00	4.50	4.85
week ago	4.98	5.00	4.95	4.95	5.10	6.00	4.50	4.85
Ireland	5	5⅝	5⅞	6⅛	6¾	-	-	6.25
week ago	5	5¾	5⅞	6⅛	6¾	-	-	6.25
Italy	8½	9⅛	9⅜	10⅛	10⅜	-	7.50	8.20
week ago	8½	9⅛	8⅞	8⅞	9¾	-	7.00	8.20
Netherlands	4.85	4.97	5.00	5.13	5.40	-	5.25	-
week ago	4.85	4.97	4.96	5.05	5.25	-	5.25	-
Switzerland	4	4⅛	4¼	4⅜	4⅞	6.625	3.50	-
week ago	4	4⅛	4⅛	4½	4¾	6.625	3.50	-
US	4½	4¾	4¾	5⅛	5⅞	-	3.50	-
week ago	4½	4¾	4⅞	5⅛	5¾	-	3.50	-
Japan	2¼	2⅛	2⅛	2¼	2⅜	-	1.75	-
week ago	2¼	2⅛	2⅛	2¼	2½	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅞	4⅞	5¼	5¾	-	-	-
week ago	-	4⅞	4¾	5⅛	5⅞	-	-	-
US Dollar CDs	-	4.54	4.73	5.05	5.62	-	-	-
week ago	-	4.54	4.74	5.06	5.63	-	-	-
SDR Linked Ds	-	3½	3⅝	3¾	4	-	-	-
week ago	-	3½	3⅝	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 ; 3 mths: 6¼; 6 mths: 6⅜; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Aug 15	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅛ - 5	5¼ - 5⅛	5 11/16 - 5 9/16	6 - 5⅞	6 3/16 - 6 1/16	6⅞ - 6¾
Danish Krone	5½ - 5	6⅜ - 6¼	7 - 6½	7 - 6½	7 - 6½	7½ - 7
D-Mark	4¾ - 4⅝	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5 1/16 - 4 15/16	5⅜ - 5¼
Dutch Guilder	4 15/16 - 4 13/16	5 - 4⅞	4 15/16 - 4 13/16	5 - 4⅞	5 3/16 - 5 1/16	5 7/16 - 5 5/16
French Franc	5 7/16 - 5 5/16	5½ - 5⅜	5⅝ - 5½	5⅞ - 5¾	6 3/16 - 5 15/16	6⅜ - 6¼
Portuguese Esc.	12⅛ - 11⅞	13¼ - 12¾	12¼ - 12	12¼ - 12	12¼ - 12	13¼ - 11¾
Spanish Peseta	7⅞ - 7 11/16	7 13/16 - 7⅝	8 1/16 - 7⅞	8 3/16 - 8	8½ - 8⅜	8 13/16 - 8½
Sterling	4⅞ - 4¾	4⅞ - 4¾	5⅛ - 5 1/16	5 13/16 - 5 5/16	6⅛ - 6	6⅞ - 6 13/16
Swiss Franc	4⅛ - 3⅞	4⅛ - 4	4¼ - 4⅛	4 7/16 - 4 5/16	4⅝ - 4½	4 15/16 - 4 13/16
Can. Dollar	5⅛ - 4⅞	5¼ - 5	5⅜ - 5¼	5⅝ - 5⅜	6 3/16 - 6 1/16	7 3/16 - 7 1/16
US Dollar	4 5/16 - 4 3/16	4 5/16 - 4 3/16	4 15/16 - 4 13/16	4 13/16 - 4 11/16	5⅜ - 5¼	5⅞ - 5¾
Italian Lira	9 - 7½	9⅜ - 9¼	9 5/16 - 9 3/16	9 15/16 - 9 13/16	10 3/16 - 10 1/16	10⅞ - 10¾
Yen	2 3/16 - 2⅛	2 3/16 - 2⅛	2 3/16 - 2⅛	2 5/16 - 2¼	2½ - 2⅜	2⅝ - 2 9/16
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4 5/16 - 4 3/16	4⅝ - 4½	5 5/16 - 5 3/16	5 13/16 - 5 11/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate Aug 12

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.07	94.06	-0.16	94.12	93.94	40,427	43,498
Dec	93.70	93.69	-0.24	93.75	93.55	47,367	39,338
Mar	93.46	93.44	-0.22	93.48	93.23	15,228	32,060
Jun	93.16	93.20	-0.19	93.20	93.04	8,108	24,224

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.83	94.84	-0.03	94.85	94.83	108	3090
Dec	94.13	94.13	-0.02	94.13	94.13	50	1993
Mar	93.88	93.87	-0.01	93.88	93.88	20	1449
Jun	-	93.53	-0.03	-	-	0	354

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.01	95.00	+0.02	95.02	94.99	11444	160488
Dec	94.83	94.82	+0.02	94.84	94.80	12717	171389
Mar	94.52	94.53	+0.03	94.54	94.50	9498	160680
Jun	94.18	94.18	+0.02	94.19	94.15	6498	101973

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	89.76	89.78	+0.04	89.86	89.74	1972	23660
Dec	89.40	89.37	-	89.47	89.35	1205	47656
Mar	89.06	88.98	+0.02	89.08	88.95	598	14380
Jun	88.55	88.57	-	88.65	88.55	359	12659

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.47	95.53	+0.03	95.53	95.47	947	25914
Dec	95.29	95.33	+0.02	95.34	95.29	761	13502
Mar	95.11	95.14	+0.05	95.14	95.10	106	11265
Jun	94.78	94.78	+0.03	94.81	94.75	44	5189

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	93.70	93.71	+0.02	93.72	93.70	291	10717
Dec	93.42	93.41	+0.02	93.42	93.41	286	8005
Mar	93.11	93.11	+0.02	93.12	93.11	120	4396
Jun	-	92.83	+0.03	-	-	0	1273

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.85	94.84	-0.02	94.86	94.83	98,874	432,405
Dec	94.14	94.13	-0.02	94.15	94.13	203,357	472,789
Mar	93.87	93.87	-0.02	93.89	93.87	88,597	335,039

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	95.25	95.23	-0.03	95.25	95.23	717	17,835
Dec	94.67	94.65	-0.03	94.67	94.65	845	9,502
Mar	-	94.37	-	-	94.37	279	3,811

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
9500	0	0.08	0.08	0.12	0	0.08	0.24	0.30
9525	0	0.02	0.02	0.05	0.25	0.27	0.45	0.48
9550	0	0	0.01	0.03	0.50	0.50	0.68	0.71

Est. vol. total, Calls 864 Puts 610. Previous day's open int., Calls 252460 Puts 169624

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
9550	0.09	0.11	0.19	0.06	0.28	0.55
9575	0.02	0.04	0.12	0.24	0.46	0.73
9600	0.01	0.02	0.07	0.48	0.69	0.93

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1506 Puts 1615

UK INTEREST RATES

LONDON MONEY RATES

Aug 15	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	4¾ - 4	4 13/32 - 4 11/32	5⅛ - 5	5 5/32 - 5⅛	5 11/16 - 5 5/16	6 13/32 - 6 11/32
Sterling CDs	-	-	5 1/16 - 5	5⅝ - 5½	6 1/16 - 5 15/16	6 13/16 - 6 11/16
Treasury Bills	-	-	5 - 4 15/16	5½ - 5⅜	-	-
Bank Bills	-	-	5 - 4 15/16	5⅝ - 5½	5 13/16 - 5 11/16	-
Local authority deps.	4 13/32 - 4 11/32	4⅞ - 4¾	5⅛ - 5	5⅝ - 5½	6⅛ - 6	6⅞ - 6¾
Discount Market deps	4½ - 4¼	4 13/32 - 4 11/32	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.3747pc. ECGD fixed rate Stlg. Export Finance. Make up day July 29, 1994. Agreed rate for period Aug 24, 1994 to Sep 23, 1994, Schemes II & III 6.60pc. Reference rate for period July 1, 1994 to July 29, 1994, Schemes IV & V 6.246pc. Finance House Base Rate 5½pc from Aug 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.03	93.98	-	94.04	93.97	5585	96371
Dec	93.25	93.19	-0.04	93.29	93.19	9543	169552
Mar	92.65	92.59	-0.05	92.66	92.57	2957	65848
Jun	92.18	92.09	-0.07	92.18	92.09	1065	51486

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
9375	0.33	0.12	0.08	0.09	0.68	1.24
9400	0.17	0.06	0.05	0.18	0.87	1.46
9425	0.07	0.03	0.03	0.33	1.09	1.69

Est. vol. total, Calls 12719 Puts 5481. Previous day's open int., Calls 330995 Puts 263172

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai.	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	*Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 12 / Sch)

BELGIUM/LUXEMBOURG (Aug 12 / Fr)

DENMARK (Aug 15 / Kr)

FINLAND (Aug 15 / Mks)

FRANCE (Aug 12 / Frs)

GERMANY (Aug 15 / Dm)

NETHERLANDS (Aug 15 / Fls)

NORWAY (Aug 15 / Kroner)

SPAIN (Aug 12 / Pta)

SWEDEN (Aug 15 / Kronor)

SWITZERLAND (Aug 15 / Frs)

ITALY (Aug 12 / Lire)

PACIFIC

JAPAN (Aug 15 / Yen)

HONG KONG (Aug 15 / H.K.$)

MALAYSIA (Aug 15 / M$)

SINGAPORE (Aug 15 / S$)

AUSTRALIA (Aug 15 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Aug 15 / Can $)
4 pm close

MONTREAL (Aug 15 / Can $)
4 pm close

AFRICA

SOUTH AFRICA (Aug 15 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Monday, August 15, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Asahi Chemical	7.3m	777	-3	Mitsubishi Oil	2.3m	1180	+10
Kobe Steel	4.0m	320	+8	Mitsubishi Hvy	2.2m	800	-6
Nippon Steel	3.9m	372	+1	UBE Inds	2.2m	419	+12
Mitsubishi Kasei	3.0m	545		Mitsubishi Matl	2.1m	560	+8
Showa Denko	2.5m	379	+5	Mitsubishi Pet	2.1m	755	+13

INDICES

	Aug 15	Aug 12	Aug 11	1994 High		1994 Low	
Japan							
Nikkei 225 (16/5/49)	20626.33	20863.83	20621.38	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	300.15	300.20	302.45	311.71	13/6	268.22	4/1
Topix (4/1/68)	1652.38	1651.78	1662.62	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2466.20	2450.69	2465.74	2542.65	8/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1092.80	1105.29	1111.48	1314.46	5/1	928.33	4/4

■ CAC-40 STOCK INDEX FUTURES (MATIF) August 12

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
Aug	2016.0	2019.0	-24.0	2032.0	2001.0	914	27,861
Sep	2022.2	2026.5	-24.0	2033.0	2010.5	121	7,999
Dec	2051.0	2055.5	-23.5	2051.0	2047.5	200	4,189

Open interest figures for previous day.

– Sat Aug 13: Taiwan Weighted Price 6583.01; Korea Comp Ex (c) . Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 15 - 2134.34 +0.60

US INDICES

Composite ‡							
Industrials¥	538.40	534.78	536.53	550.58 (2/2)	510.05 (21/4)	580.59 (2/2/94)	3.62 (21/6/32)
Financial	45.53	45.08	45.15	46.94 (14/8)	41.39 (4/4)	48.48 (29/9/93)	8.64 (1/10/74)
NYSE Comp.	254.77	253.21	254.20	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	449.70	449.25	449.97	487.89 (2/2)	422.67 (29/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	731.61	728.20	728.20	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Aug 12	Aug 5	Jul 29	Year ago
Dow Jones Ind. Div. Yield	2.70	2.72	2.72	2.88
	Aug 10	Aug 3	Jul 27	Year ago
S & P Ind. Div. yield	2.43	2.42	2.45	2.52
S & P Ind. P/E ratio	23.51	23.55	23.13	25.14

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Sep	462.65	462.40	-0.25	462.80	462.30	72,739	197,034
Dec	-	466.25	-	-	-	1,818	18,745
Mar	-	468.80	-	-	-	701	3,890

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Syntex	7,385,200	21⅝	-1
Eli Lilly	3,929,600	52⅞	-¼
Telefonos	3,809,300	60¼	+⅛
Gen Elec	2,777,000	48	+⅜
Exxon	2,804,700	60¼	+2⅞
Wal-Mart	2,438,300	24	-⅛
Compaq	2,189,800	36	–
IBM	2,000,500	60⅝	-⅜
West Elec	1,977,300	12	+⅛
Merck	1,978,100	32⅝	+⅜

■ TRADING ACTIVITY

● Volume (million)

	Aug 12	Aug 11	Aug 10
New York SE	249.200	275.877	279.474
Amex	13.840	16.464	17.847
NASDAQ	230.489	303.411	326.433
NYSE			
Issues Traded	2,823	2,831	2,848
Rises	1,235	727	1,189
Falls	815	1,383	941
Unchanged	773	721	718
New Highs	30	28	53
New Lows	45	71	51

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♠ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

4 pm close August 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on next page

FINANCIAL TIMES Tuesday August 16 1994

AMERICA

Higher Dow anticipates FOMC move

Wall Street

US stocks drifted higher yesterday morning as investors awaited word of an expected move today by the Federal Reserve to lift interest rates, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was up 7.12 at 3,775.83, while the more broadly based Standard & Poor's 500 was 0.89 ahead at 462.84. Volume on the Big Board was light, with 118m shares traded by the early afternoon.

In the secondary markets, the American SE composite was off 0.20 at 443.50 and the Nasdaq composite was 1.48 better at 733.09.

Most equity investors were marking time ahead of today's meeting of the Federal Open Market Committee, the policy-making arm of the Federal Reserve, which was expected to announce this year's fifth move to tighten credit conditions.

That widely held view, based on a stream of fairly strong economic data over the past two weeks, was reinforced by yesterday's news on July industrial production and capacity utilisation. Both figures suggested that the Fed's previous rate increases had not slowed the economy sufficiently to delay a further tightening.

Even though a rate increase was seen as a foregone conclusion, most investors were reluctant to make new positions. There was still uncertainty over how the bond market would react: its response, and the subsequent direction of share prices, might depend on whether interest rates are lifted by 25 or 50 basis points.

With such questions still unanswered, the market was generally static – indeed, nine of the 30 Dow industrial components were unchanged in early activity.

The banking sector, particularly sensitive to interest rates, was an exception, as many issues built on Friday's strength. JP Morgan climbed \$1¼ to \$64¾ and Bankers Trust advanced \$1¼ to \$70¾.

HJ Heinz added a touch of spice to the bland proceedings amid stepped-up speculation that it was ripe for takeover. The stock added \$5⅜ at \$37⅞. Quaker Oats, another food company considered vulnerable, rose \$1⅞ to \$76¼.

On the Nasdaq market, Lotus Development stood out with a \$3 gain to \$45.

Canada

Toronto stocks continued to ease in quiet midday trade as most players were sidelined ahead of today's US Federal policy committee meeting.

The TSE 300 composite index was down 9.20 at 4,165.90 in volume of 15.7m shares valued at C\$198m. Declines led advances by 322 to 213, with 282 issues unchanged.

Of Toronto's 14 sub-indices, only two sectors managed to post gains at midday: consumer products rose 12.60 to 6,390.11 while real estate and construction climbed 8.67 to 2,522.05.

Mexico

Equities opened slightly firmer as investors began to close positions ahead of next weekend's presidential election.

The IPC index was up 1.08 at 2,638.84 during early trade in light turnover of 9.6m pesos.

Telmex "L" series shares were unchanged at 10.84 pesos.

SOUTH AFRICA

Shares in Johannesburg closed just off the day's lows in a session which saw an almost complete lack of foreign interest. De Beers, down R4.35 or 3.7 per cent at R112.25, suffered from profit-taking ahead of today's half-year results.

The overall index declined 21 to 5,790, industrials gained 1 at 6,581 and the golds index lost 27 at 2,127.

EUROPE

Strategists ponder prospects for Swedish shares

Several capitals were on holiday for Assumption Day. Activity in working bourses reflected this, and the hiatus between last week's interest rate increases and this week's FOMC and Bundesbank meetings, *writes Our Markets Staff.*

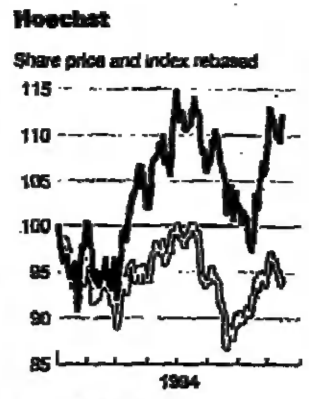
Currency weakness after the Swedish and Italian rate rises led Mr Sushil Wadhwani, a senior strategist at Goldman Sachs, to expect Stockholm and Milan to underperform Europe in the short term, adding the rider that Swedish equities were "already significantly undervalued on a medium term sense".

His counterpart at Lehman Brothers, Mr Joe Rooney, was less reserved, increasing his weighting in Sweden from 3 per cent to 4.4 per cent.

There was precedent, said Mr Rooney, for expecting equity performance from Sweden after the initial increase in interest rates. He called Stockholm: "A well managed, growth market which is cheap, and where the flow of earnings is not dependent on the domestic economy."

Hoechst

Share price and index rebased



Source: FT Graphite

FRANKFURT pounced delightedly on reports, confirmed by the company, that Hoechst had found a way to transform ozone into oxygen using a synthetic agent. The shares rose DM8.50 to DM356 as the Dax index moved ahead 14.16 to 2,138.44.

Mr Jörg Blattermann, a trader at Robert Fleming in Frankfurt, said that the story was tailormade for Hesse, which has just brought in an ozone alarm that involves reducing speed limits when the ozone level rises above specific targets. He added that Hesse had had six days of ozone alarms in the recent hot spell.

Turnover fell from DM7.7bn to DM5.1bn, Hoechst accounting for DM330m of that, against DM217m last Friday. In the post bourse, Daimler reflected futures based selling, falling from an official close of DM806 to DM799.40, down DM8 at the end of the day.

AMSTERDAM took a breather following last week's heavy round of results and ahead of another batch scheduled over the next few days.

The AEX index finished 0.75 easier at 415.18, after seeing a session's high of 416.31.

There were slight gains in a number of the international stocks which reported last week, including Royal Dutch, up 30 cents at Fl 193.03, and Unilever, 60 cents ahead at Fl 196.60.

Both Nedlloyd, the transport and shipping group, up 90 cents at Fl 70.70, and Hunter Douglas, the manufacturer of venetian blinds, outperforming the market with a gain of Fl 2.00 at Fl 85.00, are due to report half-year figures today.

Hoare Govett, in a forecast of Hunter Douglas published at the end of last week, said that it expected the company to announce higher sales and earnings for the first six months of 1994, due to a good performance in North America and the Pacific. Analysts also expect a positive set of results from Nedlloyd, helped by a strong contribution from the shipping division.

ZURICH waited for the US FOMC and the SMI index eased 7.8 to 2,572.7 in thin trading.

Ciba-Geigy bearers rose SFr9 to SFr827 on a buy recommendation. General interest rate worries left CS Holding SFr8 lower at SFr523, but SBC held its ground at SFr394, both ahead of half-year results due this week.

STOCKHOLM suffered an interrupted session owing to technical problems in the exchange's automated trading system. After a brief half-hour's resumption in the afternoon, the session was later abandoned with the Affärsvärlden general index having lost 15.70 to 1,400.60.

COPENHAGEN moved lower following a disappointing half-year result from ISS, the cleaning group. The KFX index dipped 0.34 to 100.45.

ISS, which posted an increased DKr235m pre-tax profit for the first half, just lower than market expectations, fell a net DKr22 to DKr197 after testing DKr190.

HELSINKI weakened as many investors took stock of last week's turbulence in the money and debt markets.

The HEX index receded 15.00 to 1,807.10.

ISTANBUL advanced 4.4 per cent, helped by weakness in the bond market. The composite index gained 1,078.72 at 25,515.63, having risen more than 10 per cent last week.

TEL AVIV had begun its week looking for trouble, the Mishtanim index falling 5.15, or 2.7 per cent, to 187.60 on Sunday in advance of Israel's monthly inflation figures. Similar apprehension yesterday took the index 0.46 lower again, to 187.14. The July consumer price index, released after trading ended, showed a rise of 1.1 per cent – a figure which, said analysts, was indeed higher than expected.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices · THE EUROPEAN SERIES

Aug 15 Hourly changes	Open†	10.30†	11.00†	12.00†	13.00†	14.00†	15.00†	Close†
FT-SE Eurotrack 100	1352.90	1353.03	1351.13	1350.87	1352.07	1352.07	1351.10	1351.18
FT-SE Eurotrack 200	1410.93	1411.15	1409.28	1409.09	1408.92	1409.60	1408.42	1407.89

	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8
FT-SE Eurotrack 100	1352.30	1376.03	1384.35	1393.35	1409.19
FT-SE Eurotrack 200	1408.39	1425.70	1432.72	1439.28	1450.01

Base 1000 (26/10/90); Highday: 100 - 1354.91, 200 - 1411.78 Lowday: 100 - 1350.06 200 - 1407.45 † Partial

ASIA PACIFIC

Nikkei records its lowest volume in three months

Tokyo

Share prices closed off early highs on a round of late selling as volume dropped to its lowest level in three months with many investors remaining on holiday, *agencies report from Tokyo.*

Analysts added that activity was also dulled ahead of today's US Federal Open Market Committee meeting.

The Nikkei 225 average finished at the session's low with a decline of 37.50 at 20,626.33 after a day's high of 20,747.45. Volume amounted to 152m shares, the smallest since May 2 when 132m were traded.

The Topix index of all first section stocks was finally 0.60 up at 1,652.38, while the Nikkei 300 lost 0.05 at 300.15. Advancing issues led declines by 462 to 438, with 235 stocks unchanged. In London the ISE/Nikkei 50 index put on 1.50 at 1,337.95.

Investors were also awaiting the auction of shares in Japan Tobacco which begins today. The Finance Ministry is inviting bids for 230,000 JT shares between today and Thursday. The stock is due to be listed on October 27.

Analysts hoped that the listing of Japan Tobacco would revitalise stock market activity, although some institutional investors were less enthusiastic, while brokers remarked that few foreign investors seemed to be interested in the issue at all.

The main advancing sectors were airlines, steels, non-life insurance, banks and communications.

Steel shares were firmer on small-lot buying: Kobe Steel, which attracted the day's second highest volume, appreciated Y6 to Y320, while NKK added Y3 at Y286, Kawasaki Steel Y4 at Y418 and Nippon Steel Y1 at Y372.

Chemicals issues rose on overseas buying and expectations of increasing demand for the products. Ube Industries gained Y12 at Y419 and Sumitomo Chemical Y4 at Y554.

Roundup

Elections, or the prospect of them, weighed on New Zealand and Sri Lanka, while other markets in the region awaited today's US FOMC meeting.

WELLINGTON held on to its morning gains to close 1.24 per cent up as the market celebrated the government's by-election victory on Saturday. The NZSE-40 index put on 25.7 at 2,097.64, just under the day's peak of 2,102.41.

With the election out of the way, analysts now expect shares to rally in the coming months, but they add that the continuing political uncertainty, and the change to a proportional representation voting system, could hinder progress.

Telecom rose 10 cents to NZ\$5.00, but Goodman Fielder fell 9 cents to NZ\$1.66 after the US-based food group Phillip Morris announced that it had no plans to buy Goodman.

COLOMBO ended marginally lower as investors awaited today's general election. The all-share index shed 2.73 to 1,015.03 in turnover of SLRs100m, against Friday's SLRs134m.

Trading is to be restricted today to one 90-minute session.

SYDNEY was slightly firmer as investors braced themselves for a rise in official interest rates. The All Ordinaries index edged up 3.8 to 2,055.7 in modest turnover of 121.8m shares. BHP put on 10 cents at A\$19.44.

HONG KONG saw low activity as investors awaited half-year results from HSBC Holdings, which were released after the close of business. The Hang Seng index was up 21.57 at 9,488.57 after touching 9,544.47. Turnover fell to HK\$2.18bn from Friday's HK\$3.35bn.

HSBC, which ended 50 cents firmer at HK\$92, reported a 24 per cent increase in half-year pre-tax profits, at the upper end of analysts' expectations.

The H share index, made up of Chinese incorporated companies, went against the trend, falling 15.22 to 1,336.89.

BANGKOK rallied in heavy trade on institutional buying of blue chips. The SET index rose 27.92, nearly 2 per cent, to 1,453.41 in Bt13.5bn turnover.

Some analysts reported that institutional interest had been spurred by good second-quarter results, particularly from the communications sector. Shinawatra jumped Bt48 to Bt768 after revealing a 91 per cent leap in first-half profits to Bt1.21bn.

KUALA LUMPUR dipped on profit-taking, the composite index shedding 12.49 to 1,092.80. Volume shrank to 267m shares from 556m. Falls led rises by 296 to 140.

Linatex moved ahead M\$1.40 to M\$15.90 after the Securities Commission approved its purchase of two banks and a securities firm.

SINGAPORE fell back as profit-taking in over-the-counter stocks spilled over into the broader market.

The Straits Times Industrial index closed 16.04 down at 2,301.75 in turnover of S\$518m.

Brokers said that OTC shares, which mainly comprise Malaysian companies, had led the market higher in recent sessions and were pulled back following losses yesterday on the Kuala Lumpur Stock Exchange.

Among the main movers, Singapore Press Holdings lost 40 cents at S\$16.60.

TAIPEI weakened on a late round of selling which eroded earlier gains. The weighted index fell 20.34 to 6,543.57, off an intraday high of 6,614.11. Turnover was T\$50.76bn.

KARACHI finished lower in thin, cautious trading ahead of today's settlement day. The KSE index fell 27.16 to 2,271.25, a loss of 1.2 per cent.

MANILA ended 1.41 down at 3,005 after profit-taking cut short an early climb.

Italy leads the European equity retreat

By William Cochrane

Until last Wednesday evening, Italy was the sick man of the week in Europe, but it was joined by a number of its neighbours after Thursday's key interest rate increases in Sweden, and Italy itself.

James Capel talks of "rate contagion" in its latest World Economic Watch. "The long period of monetary ease must now come to an end," says the broker, "and the move by Sweden and Italy signals that rate contagion will spread beyond North America."

The broker expects US interest rates to rise at the FOMC meeting in Washington today. Australia and the UK are next on its list for upward interest rate moves.

In Europe, Capel says that the Bundesbank's discount rate is likely to rise by March, around six months earlier than Merrill Lynch was forecasting last week in the US broker's reaction to the Swedish interest rate rise. "The whole of Europe," says Capel, "is now on interest rate watch."

By the end of last week, Europe, excluding the UK, was down by 3.3 per cent in local currency terms over five days. Italy still led the downtrend with a fall of 9.2 per cent in a severe but still partial correction of the outperformance it has seen against other European markets this year.

Mr Albert Edwards, global strategist at Kleinwort Benson, sounded a warning note a week ago about recent bourse gains. By early August, he calculated, German and French equity markets had seen rises of 7.9 and 11.4 per cent in the five weeks since June 30.

He added last Friday that interest rate jitters would affect the Continent more than the UK. While most commentators (Kleinwort apart) believed that an upward move in UK base rates was imminent, consensus 12-month forecasts for German and French three-month rates were 4.2 and 4.6 per cent, both well down from current rates of 4.9 and 5.6 per cent respectively.

"We may think that tightening is some considerable way off," remarked Mr Edwards, "but that will not stop the markets worrying about future developments."

Secondly, he noted, Continental equity valuations were more vulnerable at an earlier stage in recovery and the earnings cycle. Prospective 1994 p/e ratios for non-financials were 36.1 in Germany, 21.6 in France and 13.8 for the UK.

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1994	% change sterling † Start of 1994	% change in US $ † Start of 1994
Austria	-1.76	+1.91	+5.02	-7.01	-0.94	+3.57
Belgium	-1.60	+3.36	+4.13	-3.92	+3.58	+8.29
Denmark	-4.73	-1.82	+7.95	-3.55	+1.59	+6.21
Finland	-3.13	+2.59	+26.80	+15.11	+23.20	+26.79
France	-4.28	+2.21	-3.62	-10.22	-5.01	-0.69
Germany	-2.55	+1.05	+8.79	-7.52	-1.27	+3.23
Ireland	-2.92	+2.52	+8.33	+0.47	+3.83	+8.55
Italy	-9.21	-10.15	+5.24	+4.58	+7.26	+12.14
Netherlands	-1.96	+4.07	+11.01	-3.75	+2.33	+6.98
Norway	-3.38	+1.03	+8.74	+3.49	+8.77	+13.72
Spain	-3.20	+2.89	+7.52	-5.89	-0.77	+3.75
Sweden	-4.17	+0.99	+9.23	+1.16	+3.56	+8.27
Switzerland	-0.45	+3.04	+6.95	-10.80	-3.00	+1.41
UK	-0.67	+2.57	+4.61	-7.30	-7.30	-3.09
EUROPE	-2.34	+1.60	+5.16	-6.59	-3.11	+1.30
Australia	-2.01	-0.38	+10.91	-4.54	-0.18	+4.36
Hong Kong	-1.11	+3.81	+31.90	-21.24	-24.67	-21.25
Japan	+0.16	-0.87	-1.57	+13.56	+21.24	+26.75
Malaysia	+1.56	+11.57	+48.57	-13.68	-12.98	-9.02
New Zealand	-2.04	+4.34	+11.85	-3.34	-0.71	+3.80
Singapore	+0.90	+4.94	+25.45	-8.10	-8.05	-1.78
Canada	+0.09	+0.71	+7.91	-1.34	-9.56	-5.43
USA	+1.04	+1.80	+2.73	-0.62	-4.93	-0.62
Mexico	+0.89	+13.47	+45.38	+0.57	-12.03	-8.03
South Africa	+1.80	+4.81	+47.13	+19.34	+8.10	+13.02
WORLD INDEX	-0.21	+1.16	+8.68	+0.87	+1.77	+6.39

† Based on August 12th 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co, and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY AUGUST 12 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY AUGUST 11 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	174.15	-1.2	166.92	110.07	140.85	156.08	-0.7	3.53	176.36	170.58	112.72	145.53	167.11	189.15	139.24	143.78
Austria (17)	191.56	1.1	183.62	121.08	154.95	154.87	-0.9	1.03	189.43	183.22	121.08	156.31	156.24	195.41	164.64	164.86
Belgium (37)	176.13	1.2	168.82	111.33	142.45	139.32	-0.7	3.97	174.07	168.36	111.26	143.63	140.36	176.76	143.82	147.24
Canada (105)	128.41	-0.3	123.08	81.16	103.86	128.44	0.0	2.64	128.76	124.53	82.29	106.24	128.43	145.31	120.54	125.48
Denmark (33)	262.55	0.8	251.65	165.94	212.34	220.36	-0.9	1.35	260.55	252.02	166.54	215.00	222.33	275.79	212.38	212.43
Finland (24)	158.67	-0.5	152.09	100.29	128.33	172.36	-1.8	0.82	159.52	154.30	101.96	131.63	175.52	164.23	104.29	109.92
France (97)	174.75	0.4	167.49	110.45	141.33	146.32	-1.4	3.01	174.12	168.42	111.29	143.68	148.45	185.37	159.13	160.04
Germany (58)	144.77	0.7	138.76	91.50	117.09	117.09	-1.3	1.77	143.80	139.09	91.91	118.66	118.66	147.24	120.35	120.35
Hong Kong (56)	385.35	-0.3	369.36	243.56	311.67	382.35	-0.3	3.17	386.47	373.81	247.02	318.91	383.37	506.58	286.75	291.24
Ireland (14)	201.05	-0.2	192.71	127.07	162.61	186.06	-0.9	3.33	201.56	194.96	128.83	166.32	187.84	209.38	161.54	163.86
Italy (61)	76.92	-4.1	73.72	48.62	62.21	91.71	-4.0	1.66	80.19	77.56	51.25	66.17	95.58	97.78	67.88	72.00
Japan (469)	164.94	0.4	158.10	104.25	133.41	104.25	-0.7	0.73	164.28	158.90	105.00	135.57	105.00	170.10	124.54	162.43
Malaysia (98)	538.17	-0.5	515.83	340.15	435.27	529.81	-0.7	1.58	540.79	523.08	345.66	446.28	533.50	621.63	361.95	382.58
Mexico (18)	2195.91	0.8	2104.75	1387.92	1776.02	8154.63	0.8	1.64	2177.88	2106.33	1391.89	1796.94	8091.71	2647.08	1615.11	1650.71
Netherland (27)	213.01	1.3	204.17	134.64	172.29	169.99	-0.8	3.35	210.38	203.44	134.44	173.56	171.21	214.54	173.05	178.05
New Zealand (14)	70.49	0.3	67.57	44.55	57.01	62.31	0.2	3.64	70.27	67.97	44.91	57.99	62.16	77.59	56.86	57.85
Norway (23)	204.28	-0.1	195.80	129.11	165.22	189.78	-1.7	1.74	204.43	197.73	130.66	168.68	193.14	211.74	165.52	171.79
Singapore (44)	361.00	0.5	346.02	228.17	291.98	250.45	0.4	1.56	359.35	347.58	229.68	296.53	249.48	378.92	268.16	269.18
South Africa (59)	301.82	1.2	289.39	190.83	244.19	298.94	-1.3	2.08	298.30	288.53	190.66	246.15	302.08	301.92	175.93	198.21
Spain (42)	144.57	-1.1	138.57	91.38	116.93	142.30	-1.9	4.05	146.14	141.36	93.41	120.59	144.96	165.79	122.55	122.66
Sweden (36)	212.60	-0.8	203.78	134.38	171.95	245.11	-2.0	1.63	214.27	207.25	136.95	176.81	250.12	231.35	175.63	185.75
Switzerland (47)	162.40	2.0	155.66	102.64	131.35	131.52	-0.4	1.65	159.25	154.03	101.79	131.41	132.01	176.56	129.77	129.77
United Kingdom (204)	198.72	1.0	190.47	125.60	160.73	190.47	0.1	3.98	196.73	190.28	125.74	162.34	190.28	214.96	179.29	179.85
USA (518)	188.74	0.6	180.91	119.29	152.65	188.74	0.6	2.65	187.62	181.48	119.92	154.82	187.62	198.04	176.85	183.72
EUROPE (720)	171.77	0.5	164.64	108.57	138.93	154.16	-0.9	3.01	170.85	165.26	109.20	140.98	155.51	178.58	149.68	146.68
Nordic (118)	210.40	-0.3	201.66	132.98	170.17	206.24	-1.7	1.44	211.07	204.16	134.91	174.17	209.76	222.03	173.19	174.09
Pacific Basin (749)	173.67	0.3	166.47	109.77	140.47	114.83	-0.7	1.05	173.22	167.55	110.72	142.94	115.38	178.65	134.79	165.54
Euro-Pacific (1469)	172.75	0.4	165.57	109.18	139.71	130.53	-0.7	1.87	172.10	166.46	110.00	142.01	131.51	173.89	143.66	158.90
North America (624)	185.00	0.6	177.32	116.93	149.63	184.81	0.6	2.64	183.97	177.94	117.59	151.81	183.56	192.73	175.67	180.11
Europe Ex. UK (516)	153.59	0.3	147.21	97.08	124.22	132.80	-1.4	2.44	153.19	148.18	97.92	126.41	134.81	156.12	130.74	130.74
Pacific Ex. Japan (280)	259.45	-0.5	248.68	163.99	209.84	231.00	-0.4	2.79	260.76	252.22	166.67	215.18	231.89	296.21	198.72	198.72
World Ex. US (1651)	174.05	0.4	166.82	110.01	140.77	134.11	-0.7	1.89	173.38	167.70	110.82	143.07	135.08	175.01	145.58	169.08
World Ex. UK (1966)	175.87	0.4	168.57	111.16	142.24	147.25	-0.3	2.04	175.17	169.43	111.96	144.56	147.69	178.51	155.96	164.98
World Ex. So. Af. (2111)	177.11	0.5	169.76	111.94	143.25	150.06	-0.2	2.23	176.32	170.55	112.70	145.49	150.43	178.56	158.54	168.18
World Ex. Japan (1701)	186.97	0.5	179.21	118.18	151.22	178.30	-0.1	2.87	186.08	179.98	118.93	153.54	178.41	195.20	170.51	170.51
The World Index (2170)	177.89	0.5	170.51	112.44	143.88	151.16	-0.3	2.23	177.08	171.28	113.18	146.12	151.56	178.97	158.85	156.30

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Constituent changes with effect 15/8/94: Deletions: Bow Valley Energy (Canada) and Consolidated Plantations (Malaysia). Latest prices were unavailable for this edition.